

OCTOBER, 1955



Atlanta, Georgia

ATLANTA, GEORGIA, was born in 1837 when a railroad surveyor drove a stake into the ground near what is now known as Five Points, the center of the financial district. First known as Terminus, then as Marthasville, metropolitan Atlanta now covers an area of 1,173.25 square miles and has an estimated population of 808,853. Between 1837 and the War Between the States, Atlanta grew from a handful of people to a town of 10,000. Six years after the capture and burning of the city by General Sherman, the population had grown to 21,789. Following the great Cotton Exposition in 1881 and the Piedmont Exposition in 1887, the attention of the world was focused upon Atlanta in 1895 through the Cotton States and International Exposition. Visitors found a bustling, progressive Southern city and many stayed or returned to be a part in its later prosperity.

Today 1,640 manufacturers are producing 3,300 different commodities for the markets of the Southeast, the nation and the world. The great national firms of America maintain in Atlanta 3,300 branch, district and division offices and merchandise from all over the world

flows through this center en route to southeastern markets. There are 1,634 wholesale establishments with annual sales of more than \$2.5 billion. Atlanta's retail establishments are the equal of the nation's best and their net sales exceed \$885,000,000 a year.

Atlanta is the second highest large city in the United States. The altitude is 1,050 feet and the climate is one of the finest in the country. Flowers of many kinds bloom the year round and golf, tennis and other outdoor sports are enjoyed in all seasons. Metropolitan Atlanta is served by six public school systems, three city and three county. Atlanta is a deeply religious community and its churches are famous for their architectural beauty, size of congregations and effective programs of religious education. But to know Atlanta and Georgia, one must see them in person. They sell themselves.

Atlanta is the home of the Atlanta Retail Credit Association with 295 members in the National Retail Credit Association. Frank G. Mewborn is Secretary-Treasurer.

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The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

EDITOR L. S. Crowder

ASSOCIATE EDITOR Arthur H. Hert

Editorial and Executive Offices . . . 375 Jackson Ave., St. Louis 5, Mo.
Advertising Representative: Ralph Duysters, 70 E. 45th St., New York 17.
Washington Counsel, John F. Clagett, 1424 K St., N. W., Washington 5, D. C.

Volume 44

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CIRCULATION OF THIS ISSUE 40,000

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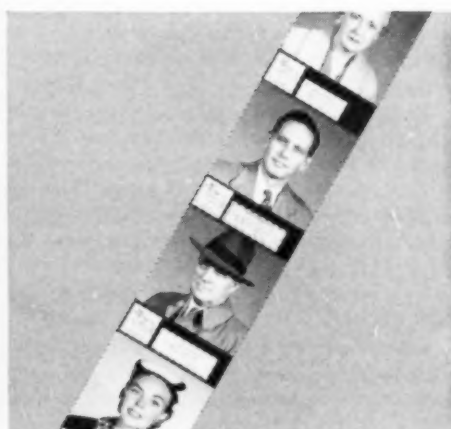
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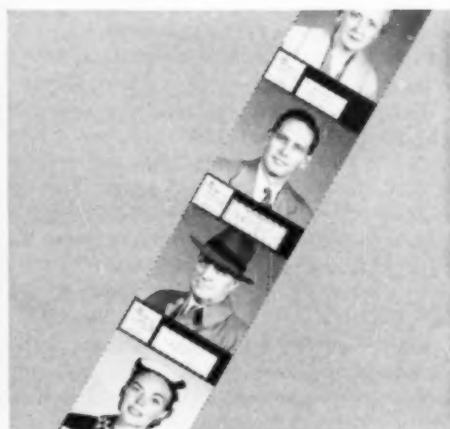
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Atlanta, Georgia

George Goodwin
The First National Bank of Atlanta
Atlanta, Georgia

IN ATLANTA, GEORGIA, there is a story going the rounds to the effect that Lloyd's of London has predicted that Atlanta, by the year 2000, will be the largest city in the world. Far more remarkable than the story itself is the fact that thus far no Atlantan has branded it a flying saucer fantasy. At least, that is, no one until now. I will state categorically that even the most optimistic chamber of commerce booster could not justify the belief that Atlanta will ever be the largest city in the world. However, it is quite possible that Atlanta, blessed because her growth is coming in the automobile age, may very well become the most pleasant of all the world's cities of more than one million population.

Atlanta already is well on her way to the population requirement; and the efficiency with which she is meeting the problems of growth justifies the contention that she is now and probably will continue to be one of the most pleasant places to live in all of our country. Atlanta's charm is physical, economic and, to some extent, organized.

Her physical attractions are the most tangible. Located 1,050 feet above sea level, Atlanta enjoys a climate unmatched by most other large American cities. Her winters are mild. Snow is extremely rare, and the temperature seldom gets below freezing. When the mercury does drop down below the freezing point three or four times during a typical winter, it seldom stays down for more than a day or so. Cold, strong winter winds are likewise rare.

Spring and fall are the long seasons, with the former starting in late February, and the latter continuing into December. In summer, exhausting hot spells are unusual. Atlanta's altitude, second only to Denver among the country's major cities, produces cool nights and freedom from the humidity that plagues many other cities. Nature was kind to Atlanta in a geographic as well as in a climatic way. It is a city of rolling hills, of ridges and valleys, all crowned with trees. Hardwoods and pines crowd so close into the downtown area that the visitor arriving by air in summer is surprised to see major buildings apparently arising out of a forest.

Atlanta puts her best foot forward in the springtime, when hundreds of thousands of dogwood trees burst into white and pink blossoms all over the hills and valleys. As a background for these blossoms she has vast residential areas with broad lawns, still wearing their coats of winter rye grass, and endless banks of shrubbery and blooming plants.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

But physical comfort and physical beauty are only part of the Atlanta story. A more vibrant part is the city's upsurging economy. More than 100 years ago John C. Calhoun of South Carolina predicted that the dominant city of the Southeast would rise on the spot where Atlanta stands today. Perhaps the accuracy of the Calhoun prediction accounts for the fact that Atlantans have been hesitant to discredit the Lloyd's of London fable. Calhoun, however, was on sounder ground. He could look at a map and see that a city located at the foot of the Blue Ridge Mountains, served by major rail lines from the East, the South, the West and the Middle West, had to dominate the southeastern region. Because of its unusual access to the entire area, it was destined to be the regional capital.

Atlanta began to play her role of economic leadership as early as the Civil War. This role made her one of the prime targets of that war. She continued to lead through succeeding decades, but it took another war—World War II—to give Atlanta and her southeastern region a chance finally to overcome the economic setbacks of the Civil War. Some of the social problems left by that earlier war are still around, but the economic ones are fading in a maze of charts and graphs that show steady development of manufacturing to balance the South's traditional agriculture. Rising purchasing power and per capita income justify thousands of new market-oriented plants and branch offices. In 1940 the per capita income of the Southeast was only \$322, about 56 per cent of the national average. Today it is in the neighborhood of \$1,200—nearly four times the 1940 level and 67 per cent of the U. S. average.

Region's Income Will Continue to Increase

Economists say the region is on the verge of a much greater wave of industrialization than ever before. They predict the region's income will continue to build up steadily until it reaches the national average. Atlanta, calm and prosperous in the middle of it all, faces a rosy economic future. Like other cities, Atlanta in the last 15 years has experienced tremendous population increase. The rate has been stepped up in the last five years, as new citizens have flocked in from other sections of the country as well as from rural Georgia and other southern states. The unusual part about Atlanta's growth, however, is that the city seems to be accommodating itself to this increasing population and the problems it brings. That is where organization comes in.

Under the leadership of Mayor William B. Hartsfield, America's senior mayor in point of service among major cities, Atlanta has enjoyed honest, efficient, intelligent local government since the mid-thirties. In 1952 city limits were increased from 37 square miles to 125 square miles, to encompass a rapidly expanding suburban population. This annexation, coupled with a merging of

administrative functions of several city and county departments, was typical of a cooperative spirit that exists between city government and the city's business and professional leaders.

This same cooperation has been highly effective in the field of traffic relief. Atlanta has completed more than 20 miles of modern, high-speed expressways, bringing traffic from the south, the northeast and the northwest quickly to the fringes of the downtown district. A connecting expressway, joining all three of the existing expressways in a link passing close to the center of the city, is under construction. Atlanta's mass transportation system, composed of modern buses, trackless trolleys, despite increasing competition from the automobile, has fared better than similar systems in any other major city. Thousands of off-street parking spaces have been provided during the last five years to give the city a balance between parking demand and parking supply in all but the most critical of the downtown districts. Bond issues have been voted readily and easily for schools, traffic and other municipal improvements. Cooperation by city government and citizen groups has produced a symphony, a series of summer pop concerts, a light opera company, and a summer light opera series.

Currently dominating the city's skyline is the spidery framework of a new \$20 million public hospital. In addition, there is under construction a large private hospital, and two other large hospitals have recently

had substantial additions. City-citizen cooperation is also reflected in the development and location of new industrial districts, new warehousing districts, and scores of neighborhood shopping centers. The Metropolitan Planning Commission, including support from the city and both the counties into which it extends, plays a major role in helping to locate such facilities.

The city has 146 parks covering 2,350 acres. There are 23 excellent golf courses. Fifty theaters seat 45,000. Within a hundred-mile radius lie the Georgian mountains where beautiful fish-filled lakes compete with innumerable trout streams. No visitor to, or citizen of, Atlanta need be deprived of his favorite pastimes.

Nearly 100 new churches have been built in Atlanta in recent years, and more are on the way. Also on the drawing boards are plans to expand the city's already gigantic airport, extend water and sewer services, and meet other growth demands.

Atlantans are proud of their town. They are proud of its clean government. They are proud of the cooperation that marks its progress. They are proud of their economic opportunity. They are proud of their natural blessings. Withal, however, it is not a boasting pride. Rather, it is a joyful, "come share with us" sort of feeling. The spacious homes, the unhurried pace of living, new schools, new churches and generally smiling people all seem to have the same message: *Atlanta is a pleasant place to live and to prosper.* ★★★

History of Atlanta Retail Credit Association

R. W. Schilling

Vice President, The Bank of Georgia, Atlanta, Georgia



NO CHARTER or formal plans initiated the early meetings of the Atlanta Retail Credit Association. In the early 1920's about ten retail credit men began to meet for lunch amid the rather stuffy Victorian elegance of Atlanta's historic Kimball House. The purpose was merely to exchange credit information—nothing more. News soon spread among members of the credit fraternity that these meetings were a great help to the men, particularly on bad checks and skips. Others interested in credit encouraged this luncheon group to organize formally in 1924.

The organization was chartered first as The Associated Credit Men of Atlanta, with T. B. Everett as its first president. The name was changed later to The Atlanta Retail Credit Association in order that its membership might include women as well as men. And some of the original firms represented here have grown into outstanding Atlanta businesses. Representatives have changed from time to time, but a few of the original group still interest themselves in the association.

The organization was brought into existence to meet a particular need—a need that has grown far more urgent because of the rapid growth of retail credit in lines which, 30 years ago, would never have operated on a credit basis. Its policies take account of the fact that

extension and control of consumer credit is not a one-man job, but a civic responsibility. Its program, essentially cooperative, embraces many elements outside the scope of, and beyond the control of, the business which may extend credit to an individual. These circumstances call for teamwork from the representatives of all the institutions extending credit on a consumer credit basis. This is the basic fact upon which all such associations function.

Primarily, The Atlanta Retail Credit Association was formed as a business organization. But its activities have constantly reached beyond the strictly business purposes for which it was chartered. The monthly meetings of the present membership, numbering about 300, are looked forward to as a social gathering in which credit men and women can enjoy breaking bread with others with whom they have exchanged information over the telephone.

The Association's awareness, its social aims, and its regular and special business sessions all tend to draw together a large group whose interests are identical regardless of variations in their actual businesses. It is this sound community of interest which maintains The Atlanta Retail Credit Association as an active, vigorous organization. ★★★



Finance and Control of Accounts Receivable

Claude R. Gaines

*Controller and Office Manager, J. Regenstein Company
Atlanta, Georgia*

AMONG THE most important assets of a business are its accounts receivable. When preparing a statement of the financial condition of a company, the accountant will set forth the assets in the order of their importance and quick liquidation, with cash on hand and on deposit being the first item. Then follows the market value of stocks, bonds and other securities, which may be readily sold and converted into cash. The third item will likely be accounts receivable from which cash, the most important item, can be realized through the collection of the accounts. Inventory, property accounts, and other items of lesser importance from a cash position view, may be listed. It is with accounts receivable, the third important balance sheet item, that we will deal in this article.

There must be cash with which to purchase merchandise for inventory, then the sale to customers on credit creating accounts receivable, then the collection of the accounts and cash with which to buy more goods for inventory from which to create more accounts. So goes the cycle.

The credit department must be alert to see that the privilege of a charge account is not denied those requesting one, and found to be entitled to one; also to see that the privilege is not abused by overbuying. Credit selling is now a profession in itself and just as important to a successful undertaking as the buying of merchandise that requires the knowledge of buying, where to buy, what to buy, how much to buy, etc. Selling on credit requires the same amount of know-how and effort. It should be apparent that a store must merchandise credit as unerringly as it merchandises goods if it hopes to expand and prosper.

Close attention should be paid to overlimits. If we do a good job in taking the credit application and in opening the account by getting across to the customer just what our terms are, and have some understanding as to the amount of credit in which she is interested, our overbuying problem will be reduced to some extent. If the stuffers and authorizers are careful about tackling overlimits immediately, the problem is half licked at that point. Stores operating on negative authorization are likely to experience more overbuying than stores maintaining a complete authorization file. Naturally, when you refer to your ledgers, you have more information and you can control the overlimits much better. We have a system whereby the salesperson may deliver merchandise up to a certain limit to customers who have a Charge-plate identification token without further authorization. There is a higher limit for purchases with Charge-plate tokens which may be authorized by the tube room cashiers. All other charges must be authorized by the credit department.

The preferred way to handle charge accounts from a merchant's standpoint, of course, is to have the customer

pay her bill upon receipt of her monthly statement. However, this is not always the practice, and to be able to make the sales and satisfy the customer many stores have set up other types of accounts in addition to the regular 30-day account. Some have the three-pay plan, or extended credit, where the customer pays one-third in 30 days, one-third in 60 days and one-third in 90 days. Some have the perpetual credit account (PCA) where the customer is given a limit against which she may buy and pay one-sixth of the amount of the limit each month.

When possible to do so it is desirable to have the customer come to the office and talk over her problems and reasons for nonpayment of her account after it has become past due. To help a customer liquidate her account, when for some good reason she has been unable to pay as agreed, the store will take a promissory note which may be discounted at the bank. Sometimes a customer will owe more than one store and will want to pay all of them to renew her credit standing and to have the bills put into one amount and divided into payments she can conveniently meet. This can be accomplished by obtaining a loan from the bank for the total amount on a monthly installment repayment plan. Each store will endorse the note for the amount due it and receive from the bank cash in payment of the account. In our store such arrangements are usually made by the Credit Bureau acting for the group.

Accounts receivable may be a desirable means of raising the ready cash needed by a business to pay current operating bills, meet payrolls, take advantage of cash discounts, to purchase inventory for resale, buy equipment, make property improvements, etc. Loans against the assignment of accounts receivable by banks or factors may be one means to raise the cash.

Value of Aging Accounts

Age analysis of accounts can be an effective means of control and of assistance to the collection manager. There are a number of ways in which the age analysis may be made and there are many factors that should be determined before establishing an aging program. Most of today's billing machines can be equipped to do the age analysis, or if this is not practicable the analysis may be done on a columnar form. The age groups can best be determined by your own needs. You might choose to consider 90 days as current and group at 60-day intervals up to eight or nine months. The collection department can then follow up the accounts in the over-90-day groups.

"There is nothing basically new in credit." However, we are all interested in not only obtaining the accounts but in retaining them as well. Once the account is opened, it is our duty to see that it is maintained in a current position and at the same time keep a satisfied customer. ★★★

Competitive Aspects in Instalment Credit

Paul M. Welch

**Vice President, The Citizens and Southern National Bank
Atlanta, Georgia**



COMPETITION in the field of instalment credit has again reached a new high pitch, as is evidenced by the advertising of particularly the automobile dealers over the country. It can be assumed that some financing agencies are acquiring a percentage of such paper as a result of this advertising, else it would have been stopped by the Better Business Bureau.

However, in talking with many bankers, finance, and loan men over the country, I find the pattern of conversation of past years in this business has not changed to any marked degree. All of our paper is current. Repossessions and losses are practically nonexistent. Volume is at its peak, and optimism runs high, almost as it has always been. However, throughout most of this optimistic conversation, and in between the lines of thought, there is considerable concern shown as to where the present trends of diminishing equities are leading us. It is admitted that the unsound practices of others are bad. There is no question in anyone's mind that there will be a day of reckoning. The only disagreement to the question is when. Perhaps it has already happened.

Competition at this point makes all lenders in this field look like a bunch of strange guys, it seems to me, for it appears that many are setting their own policies on what some competitor is doing or appears to be doing rather than on their own sound thinking and planning. First, let us agree that the independent finance and loan companies, with the willing cooperation of the hard goods industry, led in the main by the automobile manufacturers, were the builders of the sales financing field of the instalment lending industry as we know it today. Direct lenders (cash lenders or however you may wish to identify this particular group) have had their growing pains, too, and real legitimacy on a national basis had its arrival not too many years ago. Both segments of the industry grew and prospered much in the same fashion and degree, with sales finance leading the growth because it was more closely related to the automobile and other manufacturers of hard goods of the high ticket category, thereby developing larger unit outstandings.

Competition Extremely Strong

Competition as such for this class of business, since its inception, has always been extremely strong. It was a young, new, aggressive type of business, made up of young men with new ideas. The sales financing business was what the word implied—the financing of sales—a sales tool for salesmen used at the retail level.

The business was built during a period of a free economy, when the ability of the strong to survive was a natural course of business affairs. The weak were absorbed. The stronger smaller competitors were merged. The formation of new companies has always been great in number, for this promised to be at least a fascinating business, and many grew strong along with the growth

of production. The peoples of our country learned to desire things as a result of the sales efforts of industry, and finally accepted and bought on the instalment plan. It has proved to be a sound business as it was conceived. It has successfully weathered all business cyclical tests of depression—war—inflation—deflation; and has to date emerged stronger after each experience.

In the past, competition in this field of credit was controlled by the normal laws of credits. Associations tried to control terms, but to no avail. The bidding for business was governed to a large degree by banks (in their lending policies to finance and loan companies), or by the availability of funds from whatsoever source at the lowest possible rate at wholesale. It follows, therefore, in the main, that the larger more substantial companies were able to attract funds at more favorable rates, and therefore were able (provided they supplied an acceptable service) to expand their business more rapidly than the smaller less acceptable companies.

During this particular growth and proving period, experience records were built up by the intelligent large companies. They did a marvelous job of educating the industry as a whole on costs, methods, rates in relation to risks, and the experience which could be expected given varied down payments and terms on both new and the various ages of used cars. They developed excellent experience records on the paper purchased from appliance dealers, those selling heavy machinery, and all classes of laborsaving machinery.

All of this experience was developed prior to World War II, when, for the first time, instalment lending was completely controlled and restricted. Immediately following the end of the war, new competition came into this business in masse. Bankers of the country became actively interested and expanded their own portfolios in this field sharply. In a few short years they had acquired approximately 80 per cent of the outstandings of the appliance industry held by independent lending institutions, and approximately 40 per cent of the automobile credit, plus large holdings in personal loans and almost all other classifications.

As the banks developed their loans on a national basis, and particularly in the areas where direct lending creamed to a degree a large percentage of the business, many of the large finance company competitors felt the pressure of this type of competition rather severely, and made a stronger effort to sell their dealer customers on the idea of holding their own finance business. Competition became stronger and more and more banks entered the field. Other new lenders are being recognized as competitors, such as credit unions in some areas, department stores, and building and loan associations. And the latest to enter the field are the small hardware merchants, whose bite into the credit of each individual has probably not yet been felt.

Let us agree that equity has always been the factor that made the financing of automobiles sound. Equity is the real desire to pay for a car once purchased. It follows, therefore, from the irrefutable records of the experienced finance companies and banks, that as the down payment, or original equity, decreases and the term of repayment is extended, repossessions and losses follow in an ascending pattern. This is true on new cars—to a greater degree on used cars of the late-model vintage—and to a very marked degree on older used cars.

It takes but little research (because this business is really so young) to develop the fact that our position today is not new, and that the pattern of the 1936-37-38 era is repeating itself to a degree. Then, as in 1953, abnormal losses were being taken by many lenders, caused primarily by terms and the selling practices then employed by automobile dealers, and a sharp decline in the used car market. It is only different by varying of degrees. 1954-55 has already developed the trend toward a greatly stepped-up dealer fatality ratio. It appears it will increase sharply in 1956 as the results of the pressure selling of some and the loss of profits resulting from overproduction and pressures take their toll.

Balancing Supply With Demand

Following this will come cutbacks in production to attempt to bring back into balance the supply with demand. Repossessions and losses of financing people will increase late next year on the delayed reaction of overselling, short down payments, and excessive terms which are developing now.

Competition in this business today, banks with banks, finance companies with finance companies, loan companies with loan companies, and each with each other (to say nothing of the merchants and other lenders) makes for some real strange bedfellows.

Today, however, otherwise conservative bankers are advertising 36-month terms on new cars. These men seem to forget that new cars become used immediately when they hit the streets, and are certainly used cars within six months. These same men point out that their experience warrants such extensions of credit. They have never had any experience on such terms, because they have never granted 36-month terms in volume before. However, they go on to vindicate their actions by saying that they give these terms only to prime credit risks.

Now I will agree that if they stopped there, experience would, in all likelihood, continue to be good. But the bank next door just cannot stand the pressure, so he gets into the bed. The finance companies, who in the main do not advertise terms to the public, go to their dealers who do advertise and also get into the bed as do many of the competitors in the area. A strange bunch of guys. All honest. All passing number one credit risks. I just have not seen that many number one credit risks in any community, and the strange part of the entire thing is that nobody's fooling anyone. Even the dealers, taking advantage of the odd twists of bankers and financing companies, are concerned. The manufacturers appear to love it, although they advocate sound terms.

This is in the face of the known packing on the part of the dealers in the prices of their cars—for trad-

ing allowance purposes. If the manufacturers were to reduce the prices of their cars \$200 it would automatically wipe out the equity of a large percentage of the new car paper in the hands of many finance companies and banks.

Work it out for yourself. Take any new car transaction, at factory advertised list price (even the most popular). Set up a 36-month deal with a full third down, and see for yourself. At the end of 12 months your account is still behind in relation to the cash value of the car. The charts are available to those who are too tired to build their own. The American Finance Conference has just published an excellent report entitled "Equity Position of Automobile Buyers on Terms Longer Than 24 Months," and I am sure they would be happy to send it to those of you who have not already received it.

Add to all this the packing on the car, plus the packing of the finance charges and your loss in the event of a repossession will increase proportionately. With any radical change in new car models, your piece of paper is worth even less. Stranger, and more serious, is the equity in the used car field. The laws of equity in the handling of automobile paper, and for that matter any equipment financed with a high depreciation factor, are still with us.

I am reliably informed that in some of the larger cities of the country the repossession ratio of '54 cars has already reached proportions of conversation, and that '55's are being repossessed in an ascending volume, which will in all likelihood cause considerable comment later on this fall.

This is on top of the table—The automobile salesmen (and I use the word loosely) are more like circus pitchmen. You have heard them. "How much will you take for your car" or "I'll give you \$1,000 for your car" when both he and you know it has a value of \$500 or under.

The catch is:

1. The new car is packed at from \$150 to \$600.
2. Provided you *finance* with us. The finance companies' deals (and some banks) with the dealers include another pack of from \$50 to \$100 above the normal loss reserve on repurchase agreements, and sometimes even more on no-liability deals.

Rates Have Almost Reached Maximum

There is an old saying in the finance business that you can do anything for a rate. It appears that the rates to the public have reached almost the maximum, but instead of being retained by the financing companies to offset the losses they expect because of their extended terms, competition has driven all of these excess funds back into the hands of the dealers.

Competition is healthy. It makes the wheels of business go round, but it would be nice, with all of it, if maybe the parties purveying the credit came out with a profit. *Motor News Analysis* reports, "Better Business Bureaus say they are flooded by owner complaints on everything from chattel mortgages signed en blanc to kited insurance. Criminal cases are reported against some of the finest names in dealer ranks."

The financing agencies of this country can very well

be accused of encouraging unsound purchasing of automobiles by condoning such silly advertising as: Nothing now—\$75.00 down—\$175 down—36 months—Yes, and even 48—and believe it or not *Five Years*. It is a strange group with whom we associate.

There is much concern in the minds of thinking peoples in this business that terms as such are not the real problem at hand. Equity, as important as it may be to financing institutions, receives more serious attention; and of course where short down payments are coupled with extended terms, increased losses to the lender are the net result. This we all understand. Of course we admit, however, absolutely none of this class of paper on our books. Maybe one or two pieces. The misleading, unethical and in some remote cases actually false advertising being done by automobile dealers is a real important factor at hand. It can and will in the long run break down what little confidence there remains of the public in this business.

It is our reputation which is also at stake, for without our support this would not and could not happen. These are not necessarily my views, but are those of many of the principals of large sales finance companies. We can not shift the responsibility *in toto* to others, although we are not alone responsible. We are too closely tied into this business, whether or not we are directly financing the offending dealers, to remain unscarred. *It is not what we do*, necessarily, but what the people think we do that hurts our reputation.

We will indeed be a bunch of strange guys if we do not have the courage to protect our own business from without as well as from within, and collectively *withdraw our support from dealers employing* such unsound advertising and bait-switch practices. Bankers who condone such practices by their support of finance companies purveying such credit support of dealers should be equally criticized.

I live in hope that we in the instalment lending business will have the courage not only to speak loudly, but to *act* to help rid our allied industry of the few who are undermining the reputation of all of our businesses.

Although much has been said on this subject, little has been done to bring it back to base where it can be considered the sound business we have known. It would appear we should take a leaf from the books of history and find the proper method by which we can solve the current problem before us now, on our own, for there are really only two ways it can be done. (1) By government control or law like Regulation W, which carries with it many objections of being rigid and inflexible, along with the known inequities for a large segment of our people, or (2) voluntary cooperation within the industries effected through a conference method. If this latter method is followed, and the advice is well taken and administered, rigid regulation becomes unnecessary. We have lived under the "W's," and did not find this method to our liking. However, during the 1937-38 period, the finance companies, automobile manufacturers, National Automobile Dealers Association, and government, along with some prodding by banking, were able via the direct route to accomplish the desired results successfully.

History is certainly repeating itself in the automobile finance business. The method by which the reins were

tightened on equities and overextended terms in '37-38 can be repeated today, to arrest the present trend of unsound lending and selling practices. The problem is the same as in this former period, although now aggravated many fold—then the lenders in this field of credit were dominated by a few national finance companies, who in turn were almost wholly dependent on a limited number of commercial banks for their supply of funds. Today there are these same lenders in the financing industry, grown much larger, but no longer wholly dependent upon banks for their funds—plus banking itself which is now a major competitor in this field, holding in excess of 40 per cent of the outstanding paper.

All business is operating at a much more accelerated pace today. Competition in this field of credit is a great deal keener than ever experienced before, with thousands of additional seemingly uncontrollable competitors. Leadership has not yet shown itself ready to generate the needed confidence of our admittedly complex competitive group to attack this problem sensibly.

Unfavorable Trend Now Exists

As I view the situation today, interest in attempting to tighten the reins on this segment of our economy is at a rather high pitch, and the timing could not be better than right now to set up a temporary council representing the segments of industry, banking, and finance to, in a voluntary manner, arrest the unfavorable trend now admitted to be existing. This council could be represented by:

The Federal Reserve Bank
National Finance Companies
American Finance Conference
The Automobile Manufacturers
National Automobile Dealers Association
Commercial Banks, and
Instalment Bankers.

Any one segment singly attacking the problem dents it only slightly, while collective motivation of purpose could balance out the situation quickly. We are living in a fast-changing world. Tremendous strides have been made in the efficiency of production. New machines appear almost human in their functions. Continuing research will make for continuing improvements. Our distribution system is again, from all outward appearances, undergoing a major overhauling. In the automobile field the current thinking has been toward reduced margins at the retail level, with a faster turnover per unit per dealer. The merchandising of used cars is finding a greater dependence on the specialized used car operator who, by a strange twist of events caused by high production, is in some instances a new car dealer, as yet without formal recognition by the factories.

Changes made in our distribution pattern and merchandising methods automatically call for adjustment in the approaches used in the financing of sales. It is an accepted fact that the instalment concept of acquiring durable goods, and the administration of this credit, has played a major part in developing our current high standard of living. It follows that it is our duty: to protect the soundness of this business; to arrest immediately this trend of deterioration; and to act voluntarily and collectively to regain our perspective. ★★★



Salesmanship in the Credit Office

Richard H. Gaines

*Manager Charge Sales, Davidson-Paxon Company
Atlanta, Georgia*

IT HAS BEEN said many times that you may possess complete knowledge of any subject, but if you do not have the ability to convince someone else that you have this knowledge, it is of no value to you. Many sales can be lost by an interviewer in the credit office due to the lack of selling technique on the part of this interviewer. She can give you a perfectly logical explanation for the customer changing her mind and cancelling the order, but we at Davison's have re-checked many of these lost sales made by new and inexperienced interviewers and made the second contact with the customer and completed an otherwise lost sale simply because we do have equal, and in most cases superior, credit facilities to our competition.

Successful selling in the credit office requires the same qualifications and ability as selling any other product:

1. The interviewer must have knowledge of her product.
2. She must know the value of the product to the purchaser.
3. She must be thoroughly conscious of the mental processes the buyer goes through.
4. She must recognize the pitfalls of reasons and develop technique to avoid them.
5. She must have faultless manners.

We have weekly meetings of all credit office personnel to discuss the problems that arose during the prior week, as we are thoroughly convinced that the 85 people in our credit office can be a very potent force in improving our customer service, and if they are not completely familiar with the problem, we certainly cannot expect them to give us the benefit of their individual ability. These meetings are held separately by divisions and conducted by each Division Supervisor. The one exception to the weekly meetings is our interviewers. This meeting is held every morning for 15 minutes before the store opens for business, and we discuss each difficult customer we had the day before with volunteer suggestions of improved selling technique in handling this type of customer.

We, as individual human beings, are selling ourselves from the time we get out of bed in the morning until we go to sleep at night. We make an impression, good or bad, on everyone we speak to as well as on those who only see us. Little careless mannerisms lose sales in the credit office. We explain to our interviewers that a little shrug of the shoulder, the careless dropping of a pen on the desk, can convince the customer of the lack of complete interest in her welfare.

We have studied for a long time the awkward spot in dismissing a customer after her application has been taken for a charge account when the interviewer does not know whether or not the customer's credit will be approved. If the interviewer is not far superior to most interviewers, the customer will leave her office with reservations as to whether or not she is a good credit risk.

We finally came up with a solution to this problem, we believe, so a new account applicant leaves our credit office with the impression that she will get her account in spite of the fact that she has been advised that there will be a few days' delay in getting her credit report. We have the advertising department send us each day tear sheets of the previous day's advertisements, and each interviewer is required to study these ads thoroughly. After the interview is completed, the interviewer must suggest to the customer that she go by the department and see a specified item that we had advertised yesterday. The item suggested by the interviewer must, of course, be appropriate. We believe this particular suggestion has contributed quite a lot to a very obvious difference in the facial expression of our customers as they leave the credit office.

The importance of selling technique in this department is second only to our interviewers. You are all familiar with the collection clerk who just simply cannot resist a slightly sarcastic remark to the customer's very irritated comments, and that many times this type remark on the part of the collection clerk so increases the irritation of the customer that even though she will have the money the next week to pay her account, she decides that very definitely you will be the last to be paid.

Ninety-seven per cent of our customers are honest and do not intentionally make purchases beyond their ability to pay, and as we have a method of payment to fit any situation, including the suspension of payment for a given time, our collection clerks are purely and simply selling payment plans. We must convince our collection clerks that even though at the present time the customer is not able to pay for what she has already purchased, a payment plan must be worked out to have this customer back in an open-to-buy position as soon as possible. This plan must also be worked out in such a way that it will not completely upset the customer's normal existence.

These customers are going to use the products we sell as long as they live, and if their charge accounts are not properly handled by the collection clerks, future purchases will be made from our competitors. Even though we have less than an average of 50 customer complaints on billing errors per 400,000 transactions, this situation requires supersalesmanship as well as extreme patience and complete knowledge of good public relations. In order to get the customer's attention quickly, the adjustment clerk must agree with the customer by one of many comments, such as "I can understand how this statement was confusing," or "This was one of our very few human errors and we will correct it immediately."

The adjustment clerk must be able to convince the customer that we will make the proper correction promptly, and in cases where the customer is extremely upset, it is quite effective for the adjustment clerk to agree with the customer to the extent of criticizing the

First in Dixie

Mrs. Laura W. DuPree
President, Atlanta Credit Women's Club
Atlanta, Georgia



ATLANTA CREDIT Women's Club, the first in the southeastern states, was organized on March 27, 1936, under the sponsorship of the late Leo S. Gilbert, president of Credit Bureau of Atlanta. Our group has been very active in State, Dixie Council and Credit Women's Breakfast Clubs of North America. Kitty Lofton of Atlanta served as president of CWBC of NA during 1944-45. Three of our members, Kitty Lofton, Jennye H. Lemon and Cammie Lee Kendrick, have served as president of Dixie Council. Two of our girls served as State presidents. While Kitty Lofton was president of Dixie Council, State Associations were formed in Georgia, Alabama, Mississippi and Tennessee. Breakfast clubs in Greensboro and Charlotte, North Carolina, Waycross, Columbus, Macon, Augusta, and Toccoa, Georgia, and Greenville, South Carolina, were organized under the leadership of the Atlanta club.

We have won two national awards: The International Bulletin Award and the National Trophy for the Outstanding Credit Club. We have also won numerous district awards throughout the years. We have one member, Kitty Lofton, who has won several attendance awards. She has attended every Dixie Council Conference and has missed only four International Conferences. In our local club, she is now on her 19th year of perfect attendance.

Throughout the years, we have been one of the leading clubs in our city. Although not a civic club, we have made contributions each year to civic and welfare projects. We cooperate with the Atlanta Retail Credit Association in sponsoring a Credit Clinic each spring at the University of Georgia, Atlanta Division. At present we are working with the Retail Credit Association for a credit school to be conducted by Sterling S. Speake. We are a member of the Presidents' Council of Atlanta.

The Atlanta Credit Women's Club has been instrumental in bringing about a closer relationship between the credit bureau and its members and between the

members themselves. It has been said that credit people get their jobs by chance rather than choice. If such is the case, our credit club gives every member an opportunity to learn more about credit and collection work. Our members study the Educational Manual each year and participate in presenting these programs to our group. Our members bring a special message from their own personal experiences together with the text of the manual. The discussion period always gives us food for thought and often an idea for solving our own problems.

Our June meeting was held in the offices of Credit Bureau of Atlanta, Inc., with members of our club (employees of the bureau) and other key workers of the bureau presenting a program. They showed us the complete procedure of making a new report from the time the inquiry is phoned to the Bureau until the final report is typed and ready to be sent to the member. This was the first visit to the Bureau for many of our girls. We feel this meeting was a good will builder and will result in better applications, better reports, prompt replies to inquiries, and more accurate credit ratings.

At the present time, we have 55 active members. Looking forward to our Twentieth Anniversary next March, we can see many more years of active study and leadership to uphold our standards of the past. Our Credit Club fills a definite need in the life of each member by keeping her informed on new methods and ideas on credit, collections and salesmanship.

The opening of our International Headquarters in St. Louis is a progressive step for all credit women in North America. We, as credit women, are "big business" striving to become better equipped to do a big job. We are traveling in the right direction. With "Faith, Vision and Courage" we will become more efficient, making the world a better place in which to live by providing the people with the good things of life on credit terms they can afford. ★★★

department in which it occurred, but, of course, at the same time assuring the customer that this type of error is rare and definitely not intended.

We have a very large staff of authorizers who handle 40 authorization phones and approximately 1,000 salespeople call the credit office daily for telephone authorizations. The efficiency in selling technique of these authorizers makes the difference between a genuinely cooperative understanding sales force and a highly critical group of the credit office. We believe that we have convinced our authorizers that by answering the calls from the salespeople in the store with the same human, friendly service that we give our customers we have been able to eliminate thousands of wasted hours justifying our actions from their complaints. Our average authorization takes about 30 seconds, and on an average day

we will handle 7,500 telephone authorizations. Therefore, our authorizers can readily understand that this is a powerful force to whom we must sell our services.

I would like to emphasize the importance of the selling ability of the credit manager himself. He must have the ability to convince all of those who work in his division that he is thoroughly and completely looking after their individual welfare. This conviction cannot be accomplished by the simple selling technique of your employees alone. He must be sincerely interested in every individual's ills in family and finances as well as legal problems. He must also particularly follow up individual progress by regular semi-annual job reviews as well as be able to convince the controller of the justifications for individual merit salary increases. *I believe that salesmen are made, not born.* ★★★



The Human Factor in Our Credit Dealings

James W. Graham

*Acting Credit Sales Manager, Rich's, Inc.
Atlanta, Georgia*

THE MOST important single factor for attracting new credit customers and retaining present ones is the consistent manifestation of the human element in our dealings. From the basic concept of the various credit plans we offer to the collection of each individual account, the human factor must be borne in mind.

There was a time, not too many years ago, that an open account was the sum total of credit plans available for the customer. Obviously, due to the terms of that account (generally calling for payment in full in 30 to 60 days), only those who were exclusively interested in convenience had credit accounts. The needs of people have been more acutely realized in the passage of time and now many credit plans are available—each designed to satisfy a particular situation. At Rich's, one can find today an account that will be individually suitable.

In addition to the open account, eight years ago Rich's introduced to the Southland the Permanent Budget Account which presented a practical plan of credit buying to a mass of people who had not previously thought such an activity within their reach. This concept was designed to fill the need for those who chose to budget a predetermined payment each month. The customer could buy within the corresponding limit attached to that payment. This group could now realize fulfillment of their needs when they occurred.

As recently as July, 1954, Rich's presented a streamlined "installment account" to Atlanta and the Southeast. The Continuous Club Account, as it is termed, is designed to make convenient the purchase and payment of large "durable" items of merchandise.

These accounts are examples of devising and applying plans to meet the particular needs of individuals and keeping abreast with the times in which we live. Atlanta and the Southeast have been experiencing astounding growth. Rich's has anticipated this growth and has been quick to pattern credit plans and policies to the diversity of attendant individual needs.

In Atlanta (which is called "The Gateway to the South") and in Georgia (often called "The Empire State of the South") the source of individual income is varied. The largest percentage of it is divided among manufacturing, trade, government, agriculture, service, property, transportation, construction and finance. As a result of this diversification, many different and unfavorable economic situations are possible. The manufacturing plant may shut down for model change-over, the government may discontinue an activity, drought or freeze may put our farmers out of business, or perhaps unusual rains may cause construction to lag. When such events take place, readjustment must be made by the individual. The family budget suffers—needs are modified, or intensified. The store with a "heart" is called upon to give invaluable assistance. Being human with its customers is as traditional to Rich's as hominy and grits are to the South.

Whereas each type of account calls for a definite manner of payment, this is cast aside when "old man misfortune" comes knocking.

A vivid example of this is the case of the untimely freeze which gripped our area in March, 1955. The farmers of our state suffered terrific losses. Peach trees that had matured to the point where yield would have been worth while were suddenly destroyed. Countless hours of labor and thousands of dollars had been expended just to produce the crop that normally would have been realized later in the year. Millions of dollars' worth of damage to crops faced the farmers of the state.

Immediately the need was obvious. Sympathy was certainly in order—but, far more important, a practical manifestation of a helping hand! Rich's adopted a "Rich's can wait—pay us when you can" policy. To that unfortunate group who so materially contribute to the well-being of our communities and our state, this was one way in which we could assist in providing the only true answer in this time of great need.

Only a year earlier, a different calamity visited the farm fields. On this occasion it was drought! Scarcely enough rain had fallen to produce any yield at all. Cotton and tobacco suffered fatally—vegetables and fruit withered! Again a critical situation arose. Again, Rich's answered the call for human need and went all out to assist in readjustment.

Elastic Credit Policy

Do such policies bring bankruptcy to a business? Do they cause the unworthy person to take advantage of a "down to earth" platform and thus ruin a business enterprise? Rich's credit policy is so elastic—so realistic—that success inevitably comes to an institution so human. A Rich's charge account is a necessity in the life of a Georgian. It completes the circle of existence to all those who reach out to this friendship and understanding. Love begets love; an institution which so genuinely loves the citizenry of its city and of its state cannot help but be the recipient of the same attitude and feeling.

Even in the realm of pleasure and recreation, Rich's credit policies play a part. "All work and no play makes Jack a dull boy" is a statement to which we quickly subscribe. And vacations—trips to Georgia's scenic mountain spots, or to one of the many lakes in Georgia delightful to the fisherman, or a relaxing time on the sands of Georgia's coast—have a way of arriving just when Rich's monthly statement is placed in the mailbox. "Shall I pay Rich's, or take a vacation?" Rich's says, "Take a vacation!" Admittedly, this seems unorthodox. But again, it is another act of thoughtfulness that adds to the prestige and dignity of a company that is sincerely interested in people.

For 89 years, here at Rich's, we have made every effort

(Turn to "Credit Dealings," page 25.)

Credit Control Through the Collection Department of the Credit Bureau

Talley Kirkland

*President, Credit Bureau Adjustments, Inc.
Atlanta, Georgia*



An effective yet simple method of credit control is often overlooked. It is the simple and proper use of the information on the credit record of the customer which is to be found in the files of the Credit Bureau. It is merely an application of the Golden Rule among credit granters by refusing more credit by one credit manager when there are unsatisfactory items due another creditor.

An interesting illustration of the effectiveness of this type control was brought to our attention several months ago. A customer from our town had enjoyed his credit too widely and well but not too wisely, and found himself at the end of his rope. He was not willing to make the necessary sacrifices to pay his debts and he resorted to bankruptcy.

He then went to a city in a North Central state where he proceeded to re-establish himself financially and applied for credit. Of course, in this case a proper credit investigation was made and the old bankruptcy was brought to light. Doubtless the Credit Manager in this North Central city or the Credit Bureau Manager did a good selling job because the customer was brought to

realize the importance of clearing up the old bankrupt accounts which he proceeded to do.

This is an illustration of the importance of being sure the Credit Bureau has a record of your customer's account and his paying habits as well as the application of the principle of helping your fellow credit granter.

Too often the slow-pay customer is self-employed, or employed where the creditor cannot force payment of the account in arrears, yet if that customer is refused additional credit, often for the same type merchandise, by other credit granters, he will come to realize the importance of paying as agreed.

The Credit Bureau's Collection Department is always alerted when new credit is sought if the credit granter clears the request through the Credit Bureau. When customers are sent to the Credit Bureau or to the Collection Department, a serious effort is made to explain to the customer the proper use of his credit and what is expected of him if he can expect others to have implicit confidence in him, and this opportunity can be multiplied by credit granters by proper cooperation among themselves and particularly with the Collection Department of the Credit Bureau. ★★★

1955-1956 Membership Prizes

PRIZES of \$100.00 each are to be awarded to the following chairmen reporting the largest number of new members:

- Local Chairman—100 members minimum.
- State Chairman—200 members minimum.
- District Chairman—500 members minimum.

Only one chairman in each group is to receive an award and it will be based on the greatest number of members reported. In addition, the first credit bureau manager reporting 100 per cent National affiliation (all members), provided the minimum is 100 members, will receive \$100.00 in cash.

Pen and pencil sets will be awarded to:

- 1—The credit manager for outstanding membership work.
- 2—The bureau manager for outstanding membership work.

Bronze membership plaques, mounted on solid walnut, properly inscribed, will be given to Credit Associations, as outlined below, organized between June 1, 1955, and May 25, 1956, as follows:

- 1—First National unit of more than 25 members organized during the fiscal year.
- 2—Unit making the greatest membership gain.
- 3—Local Associations in cities up to 50,000 population organizing a National unit of 25 or more members.

4—Local Associations in cities up to 100,000 population organizing a National unit of 50 or more members.

5—Local Associations in cities of 100,000 to 250,000 population organizing a National unit of 75 or more members.

6—Local Associations in cities of over 250,000 population organizing a National unit of 100 or more members.

Plaques Awarded at the Louisville Conference

At the annual conference held in Louisville, Kentucky, June 20-23, 1955, plaques were awarded to the following Associations reporting more than 100 new members: Dallas, Texas, 252; Montreal, Quebec, Canada, 229; Fort Worth, Texas, 198; Portland, Oregon, 167; Vancouver, British Columbia, Canada, 166; New York, New York, 165; Spokane, Washington, 149; San Francisco, California, 145; Denver, Colorado, 143; Pittsburgh, Pennsylvania, 136; Seattle, Washington, 132; Kansas City, Missouri, 129; and St. Louis, Missouri, 106.

Plaques were also awarded to the following new units reporting more than 25 new members: Halifax, Nova Scotia, Canada; Wilmington, North Carolina; Timmins, Ontario, Canada; Lufkin, Texas; Orange, Texas; Ponoko, Alberta, Canada; Blackfoot, Idaho; Stettler, Alberta, Canada; Lethbridge, Alberta, Canada; Marysville, Washington; Glasgow, Montana; and Augusta, Georgia.

Education and the Credit Profession

James E. Powell

Adjunct Professor of Credits and Collections, Atlanta Division, University of Georgia

TO EDUCATE, says the dictionary, is to "impart knowledge to; cultivate the moral or intellectual faculties of; instruct, train." Education is a process of acquiring broad understanding: Understanding of the social, ethical, and economic forces of community and nation, in which each must live, work, and "have his being"—and strive daily for necessities: food, clothing, and shelter, and those pleasures which increase happiness and enjoyment of living. Is broad understanding vital to business success? S. A. Swensrud has stated succinctly the executive viewpoint: "It is the broad-gauged man who is scarce. The man who knows his fundamentals well and learns the details as he needs them . . . the man who comes into management must understand the whole sweep of modern economic, political, and social life."¹

Dr. Ellsworth Chunn also voices management's desire for personnel with broad education: "Daily, in industry and business, there is a need for a broad general knowledge, a necessity for creative imagination and a flexibility of viewpoint able to adjust to the continually changing commercial situation. Today's business worker cannot escape the inevitable human touch and he must live and work with people. The world's political and social situation gives prominence to the realization that we need to know not only the 'Law of Things' but also to know the 'Law of Man.'"²

Education is a process of acquiring ethical concepts and the ability to reason and think analytically, critically, and systematically. This meets industry's needs because those who are progressive in business have long been aware of their moral obligation to society at large and have sought to build higher social, ethical and professional standards. It is recognized as "good business" to possess a favorable public opinion, stemming from truthfulness in advertising, quality of merchandise, attitude toward employees, and reputation for philanthropy.

Ethical standards are expressed through a company's guarantees and warranties in support of its products and adherence to codes of ethics adopted by trade association and business groups of which it may be a member. Business encourages fair, honest, and equitable trade practices by membership in, and support of, such organizations as Better Business Bureaus and Chambers of Commerce. Business expresses its ethical concepts through its civic consciousness and reputation as a community builder. Such expression is found in industry's membership in Civic Clubs, support of Boys' Clubs, and leadership in charitable and philanthropic enterprises such as Community Chest, Red Cross and Heart Funds, interest in blood banks and aid to afflicted children.

¹"Should a Businessman Be Educated?" S. A. Swensrud, Chairman of Board, Gulf Oil Corporation: *FORTUNE*, April, 1953.

²"Wanted: Business Leaders With Broad Educational Backgrounds," Dr. Ellsworth Chunn, Educational Director, Southern Division, National Association of Manufacturers, ATLANTA ECONOMIC REVIEW, December, 1953, p. 7.

Education is a process of disciplining the mind to inquire, learn, comprehend, and gain perspective. This is essential to business where all sides of a question must be viewed and different points of view understood. The importance of cultivating the intellectual faculties is voiced by David F. Austin: "We need men and women trained to think ahead, trained to resist the immediate pressures which impel one to grapple with problems on a day-to-day basis. We need men who will know how to interpret the future and mobilize every resource in advance, so that when problems arise they can be solved with confidence and handled with dispatch and firmness, for business requires the right answer for every situation which may arise, if we are to be fortified to handle properly the ever more complex problems of the future."³

Education is a process of acquiring tools and skills for the development of constructive thinking to deal with intellectual and practical problems; to develop patterns of orderly thinking which will foster maximum progress for development of managerial and administrative responsibility. To acquire techniques by which tools and skills may be grounded into habit and effectively used; to provide foundation for specialization required on a particular assignment and which will implement practical experience; to provide the insight into planning, organizing, directing, and controlling essential to executive leadership.

The words of Robert E. Wilson should be heeded: "Undeniably, a part of modern education must be vocational in emphasis. As we face the increasing complexities of the modern world, we need more and more highly trained specialists. We need them to run our complex machines and to design new and better ones; we need them to help run our communities and organizations which are becoming even more complex; we need them to cure illnesses, physical, mental, and social. We need men and women who can understand economics and who can explain it in terms that the average man can understand.

"We badly need men today with the broad outlook, men with a sure grasp of their intellectual heritages, mentally and morally disciplined and trained to evaluate data and arrive at sound decisions in all aspects of life. Business wants in its ranks men with high ethical standards, men with a broad general background, with or without the capstone of specialization. It is to these men who are mentally equipped to step out of their own particular field of specialization to deal with problems over a wide area that we are looking for the leadership and the socially conscious thinking that we so vitally need today."⁴

One may ask, "What is the purpose of education?"

³David F. Austin, Executive Vice President, U. S. Steel Corporation, at Allegheny College, Meadville, Pa. "Voice of Industry," *DUN'S REVIEW AND MODERN INDUSTRY*, April, 1955.

⁴Robert E. Wilson, Chairman of the Board, Standard Oil Co. (Indiana), at the Associated Colleges of Indiana Dinner. "Voice of Business," *DUN'S REVIEW AND MODERN INDUSTRY*, May, 1954, p. 8.

Henry H. Heimann says: "Among the many objectives of an education is the development of sound thinking."⁵

It becomes a process of stimulating and disciplining an inquiring mind to the greater use of its own powers whereby one may gain in intellectual curiosity and competence, achieving of depth of understanding, clarity in reasoning, and possessed of analytical, critical, logical and constructive thought.

It is to participate fully in life by:

- (a) The practical development of one's self through the effective use of time; self-development through the ability to progress; the development of personal skills of planning, decision making, and problem solving, and the satisfaction of good workmanship.
- (b) The development of a cultural life for the effective use of leisure time by creating varied interests afforded by hobbies, books, music, and drama resulting in a sense of social fitness.
- (c) By the development of a philosophy of life resulting in ethical and religious standards; creating respect for family, home, and humanity; emotional balance expressed in attitudes toward social, economic and practical problems; self-confidence expressed in freedom from bias and prejudice.

Dr. Carl D. Smith says: "The purpose of education is to prepare one for wholesome and purposeful life and for earning a living . . .

- (1) To develop his ability to think clearly and constructively;
- (2) To express his thoughts effectively in both oral and written communications;
- (3) To meet new business situations;
- (4) To appreciate the relative importance of problems of labor, government, and business;
- (5) To develop a spiritual, ethical, and social scale of values as aids. . . . In assuming personal responsibility for his conduct and as a basis for the development of a wholesome philosophy and outlook upon life."⁶

When one has examined the meaning of education and made an analysis of its purpose, one may well search for the basic significance, which perhaps may be found in these conclusions:

- (1) That education is an act of acquiring knowledge; improving moral and intellectual facilities and receiving instruction and training.
- (2) Its purpose, essentially, is to develop clear thinking by stimulating and disciplining the mind, and cultivating a scale of spiritual, ethical, and social responsibilities.
- (3) Its value: to reason soundly and develop philosophies for growth and purposeful life.

What then of education for the credit profession? If credit, the financing medium for the production and distribution of goods, operates within the environment of political, social and economic realms, as it must, does it require a real understanding of the total situation to perform effectively the function of credit administration? Granting that this is so, and truly it is, then the

⁵Henry H. Heimann, "Back to School Once More," an editorial, *CREDIT AND FINANCIAL MANAGEMENT*, September, 1949.

⁶Dr. Carl D. Smith, Managing Director National Institute of Credit, New York. In "Foreword" to catalogue 1946-1947.

educational need for broad understanding and development of moral and intellectual faculties is quickly apparent:

"Top management has, through experience, developed an acute awareness that the decisions of today's credit executive affect not only his company and its customers but also the economic, social and moral welfare. Because these decisions—if inadequately supported by fact and judgment—can result in catastrophe, the modern credit man must be carefully selected, well trained, soundly experienced, and fully aware of his responsibilities for a healthy economy."⁷

Sound Education Needed

That a sound education is a needed prerequisite to an effective career in credit is voiced by Professor Griest: "The American economy is dependent upon a smoothly functioning and sound credit system. Since the large majority of business transactions are supported by credit instruments and, therefore, upon media of exchange other than money, the soundness of the credit structure stems from the judgment of men and women who foster the creation of credit relationships. Credit is no longer an alternative facility which business may utilize. It is the essential lubricant of American business procedure and development. The advancement of transportation and communication necessitated that confidence in men and institutions replace the exchange of money. The integrity of the American people, of course, makes possible such widespread adoption of a credit base for our economy. As the use of credit has expanded, there has been an increasing need for smoothly operating facilities to handle it as well as a broader conception of the implications and risks of a credit economy and the need for exercise of increasingly sound judgment in the extension of the credit privilege by those charged with that responsibility. . . ."

"As the importance of credit transactions has grown over the years, the credit field, education institutions, and our government have evidenced the need for far improved knowledge and judgment in the exercise of credit functions. The credit field has its trade associations and educational programs for its members. Educational institutions, principally colleges and universities, have included courses of study in credits and collections in their curricula. . . ."

"The increasing demand from the credit field for graduates of business schools indicates that college training is considered to be a sound foundation for credit executives. Such a basis does not make the executive but it does supply a broad knowledge and an enhanced ability to comprehend and evaluate which, when compiled with adequate experience, should produce executive potentialities."⁸

It is not contended that education can or should supplant experience. Indeed, on this point, the words of Robert L. Morris are worthy of thought: "Experience can replace education but it lengthens the process con-

⁷"Foreword" to "Advancement Through Credit Education" prepared by Credit Education Committee of the Credit Association of Western Pennsylvania, Pittsburgh, Pennsylvania.

⁸"Basic Credit Education in Business Schools," John M. Griest, Associate Professor of Finance, School of Business, University of Colorado, Boulder, Colorado. *THE CREDIT WORLD*, February, 1952, p. 14.

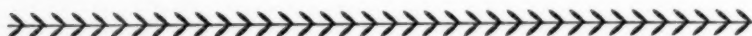
(Turn to "Education," page 18.)

For outstanding credit bureau service



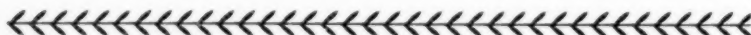
DONALD E. WESTFALL

Winner of the International Achievement Award for the 10,000 and under population bracket was the Credit Bureau of Lamar, Colo., Don Westfall, manager. Mr. Westfall has spent much time in the last few years helping with the ACBoFA educational program, in addition to his many Lamar projects. He is a member of the Lamar Players Group, Chamber of Commerce, and Rotary Club.



WILLIAM A. BUSH

The Credit Bureau of Greensburg, Penn., William A. Bush, manager, was the award winner for the 10,000-20,000 population bracket. Mr. Bush has been active in the ACBoFA educational program. In local affairs, he is an active worker for the Greensburg Community Chest, senior advisor to the local chapter of the Order of Demolay, and a member of the American Legion.



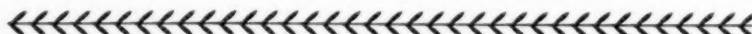
CHARLES A. SCHAFER

For the 20,000-50,000 population bracket, the Credit Bureau of Mason City, Iowa, Charles Schaffer, manager, was the Achievement Award winner. Mr. Schaffer is a member of the CBD committee and has been active in the ACBoFA educational program. He is a member of the board of directors for the YMCA, the Mason City Country Club, Red Cross, and is serving as a city councilman.



DONALD BLATZHEIM

The Amarillo (Tex.) Credit Association, won the award in the 50,000-150,000 population bracket. Bureau Manager Donald C. Blatzheim has been active in his local community. He is a member of the Serra club, treasurer of the Elks, a team captain for the Community Chest, third in YMCA membership sales, and a Boy Scout troop committee chairman. He has also been active in the ACBoFA educational program.



CARSON L. BARD

Winner of the 150,000 and over population bracket award was the Credit Bureau of Louisville, Ky. Manager Carson L. Bard is a past president of ACBoFA and had previously won an Achievement Award for his collection service department. In addition to his other duties this past year, he served as chairman of room reservations and hotel arrangements for the 1955 International Consumer Credit Conference.

ACBoFA International Achievement Awards

June 23, at the Louisville conference, five more credit bureau managers and five more collection service managers joined the group of those whose offices have won achievement awards.

Winners received bronze plaques with this inscription: "For unselfish service and meritorious contributions to the (credit bureau or collection service) profession in our program to better serve the credit granters of North America."

The basis for these awards, which go to representatives from five different population brackets, is to improve credit bureau and collection service all over the continent.

Increased success in each local office means better inter-bureau reports, better forwarding service between collectors, and better service for credit granters and American and Canadian customers.

The International Award honors not only a member-office and its manager, but also the office's competent employees, who keep its service standards high.

Each ACBoFA district nominates one credit bureau and one collection service office from cities in five population brackets: 10,000 and under; 10,000-20,000; 20,000-

For outstanding collection service



1954-1955

50,000; 50,000-150,000; and 150,000 and over.

Final selection of winners is made by the Credit Bureau Division and Collection Service Division committees. Identity of contestants is kept secret while the committees are judging.

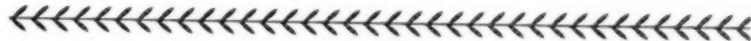
Contestants are judged on the type and quality of service the member-office gives; manager's accomplishments and civic responsibility; cooperation with district and national credit organizations; and distinguished achievement in the field of credit bureau and collection service.

Announcement of the winners was made Thursday morning at the joint session of the Associated Credit Bureaus of America, National Retail Credit Association, and the Credit Women's Breakfast Clubs of North America.

Congratulations are extended to this year's award winners, as they accept the honor and responsibility for maintaining and improving the quality of their service. Thanks should also be extended to their local credit granters whose cooperation made possible this award. The Associated Credit Bureaus of America offers grateful appreciation to all of you who helped our members grow in service.

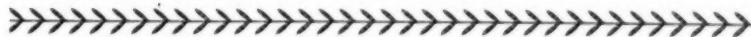
C. DOULTON BURNER

The collection department of the Retailers Credit Association of Placer County, Auburn, Calif., was the International Achievement Award winner for the 10,000 and under population bracket. C. Doulton Burner, manager, is a past president of Roseville Rotary Club. He is also active in the Chamber of Commerce, Red Cross, and other local activities.



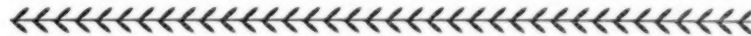
OLIVER C. REED

In the bracket for 10,000-20,000 population, the collection department of the Credit Bureau of Grand Junction, Colo., was the winner. Oliver C. Reed is manager of the bureau. An authority on collection procedures, Mr. Reed has built a fine reputation throughout the Rocky Mountain States for his willingness to advise other collection offices.



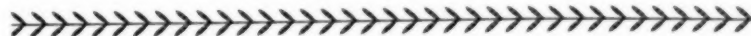
HERBERT P. SEARS

The Collection Division for the Merchants Association of Bakersfield, Calif., won the collection service award for the 20,000-50,000 population bracket. Herbert P. Sears is manager of the association. Mr. Sears, a former news reporter and later credit manager for the Standard Oil Company, started his collection business in 1929.



NORMAN B. CRITSER

Winner of the 50,000-150,000 population bracket award was the Credit Bureau of Madison's collection department. Manager Norman B. Critser is an authority on credit bureau and collection service organization. He has spent much time in the last few years helping with the association's educational program. He is the immediate past president of the Optimist club, and president of the Madison Service Clubs Council.



HOWARD G. CHILTON

For the 150,000 and over population bracket, the collection department of the Credit Bureau of Greater Fort Worth, Tex., was the International Achievement Award winner. Howard G. Chilton, manager, is a twice winner of the award. He previously won the credit bureau award with his brother, J. E. R. Chilton, Jr. Mr. Chilton is also a past president of ACBoFA.



siderably; while education cannot replace experience, it can, conversely, expedite the building of a credit man's structure. A good college background, combined with several years' experience, should yield a well-rounded executive."⁹ One may, then, interpret Professor Griest and Mr. Morris as viewing the roles of education and experience, in the training of credit personnel, in two separate spheres, each complementing, rather than supplanting, the other. The "sound foundation," which education well may be intended to provide, can be stated as:

(1) Ability to think provocatively with depth and breadth of understanding; reason with clarity in sound and logical manner, imagine creatively; communicate effectively; and understand the ideas of others.

(2) Provide the mental stimulation which will develop a philosophy of growth, gained from knowledge and training, that will create goals and motivation, which, with persistent will and drive, result in a sense of self-sufficiency and achievement to overcome obstacles.

(3) Create a philosophy for a purposeful life, providing positive attitudes of constructive outlook granting poise, self-assurance, and a mature point of view from which will resolve a sense of duty, obligation, values and social consciousness.

The credit manager may ask: "Of what should a basic credit curriculum consist?"

(1) There should be a broad understanding of the liberal arts. John Stuart Mill tells us we are first men—men before we are anything else; i.e., before we are executives, credit or otherwise, before we are teachers, lawyers, engineers, or businessmen. The liberal arts is a reservoir of human wisdom. In this field one studies the great disciplines, acquires his knowledge of people, which may be translated into the external relationships with one's customers, trade associations, and civic enterprises; and into the internal relationship with management, co-workers and employees—"the inevitable human touch" to which Dr. Chunn refers.

It is within the liberal arts that one acquires an understanding of the "whole sweep of modern economic, political, and social life" of which Mr. Swensrud spoke. It is within the realm of liberal arts that one learns of the "spiritual, ethical, and social state of values as aids . . . in assuming personal responsibility for his conduct and as a basis for the development of a wholesome philosophy and outlook upon life" of which Dr. Carl Smith wrote. It teaches of the "Law of Man," which Dr. Chunn mentions—vital to the modern business executive. Liberal Arts teaches of the attitudes, goals, and motivation and creative imagination so necessary to the present-day business executive.

There should be a curriculum which will satisfy the need for specialization—that specialization to which Mr. Wilson referred. A business administration curriculum should provide the student with a broad and basic knowledge of economics, law, accounting, and management

principles. It should instruct the student in the fundamentals of sound business systems; means to meet changing conditions; techniques of the student's field of major concentration with its problems and opportunities; ability to develop factual data, chart trends and analyze facts. Such studies should provide the student with an over-all point of view and knowledge of how to achieve objectives.

At the Atlanta Division, University of Georgia, the field of credit concentration is designed to provide an adequate educational program and guidance for students of credit from the clerical to executive level, because in their qualified hands rests largely the guardianship of the nation's financial resources. Specifically, the Atlanta Division offers a one-year and two-year certificate respectively in credit management which fulfill the educational requirements for the Associate and Fellow Awards, of the National Institute of Credit. In addition, the Atlanta Division of the University of Georgia awards the Bachelor of Business Administration Degree in Credit Management. These courses of study are sponsored by The Georgia Association of Credit Management, Inc.

The general objectives of the credit curriculum may be stated:

(1) To develop a basic understanding of the principles and methods employed in credit analysis and collection procedures.

(2) To give the student an understanding of the influence which credit bears upon the economy.

(3) To develop within the student an appreciation of the professional opportunities, responsibilities and functions of the credit executive.

Successful completion of the credit curriculum at the Atlanta Division, University of Georgia, should equip the student with:

1. An understanding of the principles and methods employed in credit analysis and collection procedures.

2. Significance of credit limits, credit controls, and legal safeguard.

3. Knowledge of the professional opportunities in credit administration.

Objectives of Institute

The Atlanta Division, University of Georgia, is an active participant in the present-day trend toward advancing educational activity, on the adult level, in the field of clinics, institutes, seminars, conferences and symposiums offered as nonacademic credit work. Among these is the Credit Executive Institute. This is a "short course" planned for junior and senior executives in credit management designed to provide the basic management tools and management thinking in the credit field, helping executives perform more effectively as managers.

Among the objectives of the Institute are:

(1) To develop the broad executive viewpoint from which may grow new ideas, procedures, methods which promote the better performance of one's daily task.

(2) To develop techniques by which the credit executive may improve the administration of those phases of the business for which he is individually responsible.

⁹Robert L. Morris, Credit Manager, Thatcher Glass Mfg. Co., Inc., Elmira, N. Y., CREDIT AND FINANCIAL MANAGEMENT, July, 1954, p. 8.

(3) To meet the ever pressing ethical, social, and economic requirements in today's business climate, which demand aptitude in personal leadership, effective use of time, knowledge of executive responsibilities and potentialities, appraisal of self through constant re-evaluation of skills, attitudes, objectives and abilities.

(4) To enhance executive qualifications by increasing breadth of outlook, ability to meet changes and make the transition from the practices of today to the advanced "new ideas" of tomorrow.

For the past six years the Atlanta Division has co-sponsored, each February, the Annual Georgia Credit Clinic with the Atlanta Retail Credit Association, Georgia Association of Credit Management, Inc., and Atlanta Clearinghouse Association. Harmony, unanimity of opinion, and cooperation have been the prevailing attitude and the cornerstone upon which the Credit Clinic has been built.

The Credit Clinics have brought to Atlanta foremost leaders and thinkers in credit and credit education. These bring to credit personnel of all levels in this area new ideas, fresh viewpoint, broadened concepts, and stimulated thinking. Through the medium of the Credit Clinics, banker, retailer, wholesaler and academician are brought closer together, given pride in the credit profession and knowledge that each must join with the other to promote the economic health of the community while serving his own business.

Thus, the entire credit education program of the Atlanta Division, University of Georgia, is closely interwoven with the business life of the community. Without the enthusiastic support of the officers, directors and Educational Committee chairmen of the Credit Associations, the effectiveness of the Credit program would be considerably hampered.

Of special interest to the readers of *The CREDIT WORLD* is the participation of Frank Mewborn, President, Atlanta Retail Credit Bureau, Richard H. Gaines, Past President, Atlanta Retail Credit Association, and Robert Wynn, formerly of Rich's, Inc., to make the clinic consistently successful. Indeed, each has given full support to credit education at the Atlanta Division and through their efforts many from the Retail Credit field have been encouraged to work for the Associate and Fellow Awards and the Bachelor of Business Administration Degree in Credit Management. From the Georgia Association of Credit Management, Inc., LeRoy House, President and former chairman of the Credit Education Committee, and Jack Hodgkins, Executive Secretary, have given freely of their time and energies to support the education program of the Atlanta Division.

When cooperating credit associations and the University work in close harmony, the success of the entire credit education program is enhanced. The Atlanta Division, University of Georgia, has met enthusiastic and loyal support from the Atlanta Retail Credit Association and the Georgia Association of Credit Management with the result that a program of credit education is offered from the level of the beginner in credit to that of the established executive. Such support and cooperation has its gratification and rewards. But it has its challenge as well—ever to be seeking new and better education media for the constant benefit of all students of credit.

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Report on Retail Credit Institute

Another successful five-day Retail Credit Institute was concluded on July 22, 1955, when 29 students were awarded the coveted certificate signifying completion of a recognized, formal course of study in retail credit management. This was the third annual Retail Credit Institute conducted at the University of Oklahoma, Norman, Oklahoma.

Here are just three of the many comments received from students: Esther Battle, Zale Jewelers, Bartlesville, Oklahoma, writes: "The Retail Credit Management course has been of invaluable benefit . . . it was a most wonderful help to my credit education." V. L. Meyer, The Sheboygan Clinic, Sheboygan, Wisconsin, tells us: "I thoroughly enjoyed attending the Retail Credit Institute . . . all the teachers were, in my opinion, outstanding in their field. I sincerely hope that there will be more such Summer schools on the modern techniques of retail credit management and credit sales promotion." Charles Klinck, Mississippi School Supply Company, Jackson, Mississippi, states: "Thank you for sending the Certificate of Proficiency in Retail Credit Management. There is more meaning in that printed paper than appears on its face. Most of what it means is yet to come. . . I profited greatly from the Institute."

Plans are now being completed for the 1956 Retail Credit Institute at the University of Oklahoma. Detailed announcement will appear in the February, 1956 *CREDIT WORLD*.

Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

So This Is Kentucky!

LORENE SHAW, Credit Manager, Kops Brothers Limited, Toronto, Ontario, Canada
Second Vice President, District Five, Credit Women's Breakfast Clubs of North America

FABULOUS is Kentucky—in legend and in fact! As visitors to Kentucky, we were awed, and greatly impressed with the acres of gentle rolling fields, the colonial mansions, the miles upon miles of white fences, and the spirited yearlings romping and playing alongside grazing brood mares. Such pleasant sights as these brought to mind that never-to-be-forgotten moving picture—"Kentucky" with Richard Greene in the starring role. Its glorious technicolor did in no way overestimate the Commonwealth's natural scenic wonders . . . a storybook had come to life for us and in a few days we learned to love not only the friendly Kentuckians, but the breathtaking beauty of the bluegrass meadows. This is Kentucky!

On June 17, four Canadian Breakfast Clubbers left on a motor trip to Louisville to attend the 17th Annual International Conference of the Credit Women's Breakfast Clubs of North America, Inc. Personnel: Hilda Felice and Doreen Robertson of St. Catharines, Ontario; Olive Holmes and myself from Toronto. After spending the night in Windsor, we crossed the border and were well on our way early Saturday morning. Our second stopover was in Cincinnati, at the spacious home of Mother Riley and her daughter Pauline (Past President, District Five). Supper prepared by these past mistresses of the culinary arts was most delicious. Visiting with the Rileys and seeing the Cincinnati sights was one of the highlights of our trip.

After a delightful drive beside the banks of the "Beautiful Ohio," we arrived in Louisville and claimed our reservations at the Kentucky Hotel. We had just enough time to register, pick up our Conference envelopes, and be on hand at noon to attend the Club Presidents' Seminar. This splendid idea originated at last year's San Francisco Conference. Luncheon over, the meeting of 108 Presidents and Delegates was called to order by Mrs. Evelyn Blum of Champaign, Illinois (Junior Past President—District Thirteen). The pooling of everyone's problems made way for some interesting and heated discussions. It was remarkable to note that no prompting was needed to get the Presidents on their feet to air their views.

Sunday evening in the Flag Room we had the opportunity of greeting old friends and meeting new ones. The C.W.B.C. Hospitality Room was an attractive air-conditioned suite laden with "snacks," and proved to be a real "haven of rest." Alma Spiller of the Louisville Club warmly welcomed us, making us feel at home. "Miss Alma" is celebrating 53 years as a credit specialist, starting with Byck Brothers in 1902 as a bookkeeper. She says: "In those days the bookkeeper was also known as the credit manager. Credit, in the hoop-skirt days, was based largely on personal knowledge of the customer. Now credit is established for most people by impersonal rating systems." She was the first woman in Louisville to be included in the monthly "information meet-

ings" held by local executives to exchange data regarding credit customers. That was about 45 years ago, four years after the first installment plan was introduced in Louisville . . . for the purchase of Thomas Edison's gramophones. "Miss Alma" founded the local chapter of the C.W.B.C., with six charter members. Asked what she thought was the most important aspect of credit sales work, she replied: "Personal contact with the individual customers. Have a heart-to-heart talk with the individual buyer—that is one of the best ways to solve credit problems."

Good food is as much a tradition as Kentucky's famous hospitality! Kentuckians love good wholesome food prepared in true Southern style and without many fancy trimmings. A tempting breakfast was served at the Fourth Annual International Bosses' Breakfast held in the Flag Room. When we entered the room at precisely 7:30 a.m., we were presented with a "Collector's Portfolio of Etchings" by the late Lionel Barrymore. The tables were attractively centred with huge bowls of fruit, gaily decorated in gold and blue. The meeting was capably chaired by Mrs. Mabel Sproehnle, local conference chairman. After the Invocation by Rev. Paul J. Schlueter and Official Welcome by Hazel Riley, we relaxed long enough to eat the tempting food. The highlight of the morning was our very inspiring speaker, The Rev. J. Richard O'Hare whose theme was, "The Psychology of Everyday Living." He began in a light and amusing vein with the usual criticisms of modern inventions and ways of living. With his "tongue in his cheek" he flattered credit people by contrasting them favorably with salespeople. More seriously, he urged "human heart" and human love in business and in the home. He deplored the rise of mental illness, claiming insecurity specially within the individual's mind and personality as its chief cause. This he said was particularly the problem of young people. He then re-emphasized the seriousness of grim selfishness and urged friendliness, neighborliness and specially a smile for everyone. His closing remarks were most appropriate, considering our organization. He stressed the importance of unity and solidarity as a cure for the world's worse curse—loneliness.

First Business Meeting

After a brief intermission, the first Business Meeting of the C.W.B.C. of N. A., Inc., got under way. President Marjorie Girton charmingly chaired the meeting with her usual poise and efficiency, and the meeting opened with an Invocation by Mrs. Vera Morrison of Montreal, Second Vice President of District One. After standing for a moment of silence in memory of the members who have passed on to the Great Unknown, Mrs. Darleen Crocker, Recording Secretary, read the Minutes of the last Annual Meeting held in San Francisco on July 21, 1954. President Marge announced that to celebrate the 25th Anniversary of our organization,

we would in future be known as the C.W.B.C. of N. A., Inc., the incorporation date being May 3, 1955.

Extension Chairman, Mrs. Una Pearson, told us that 52 new clubs had been organized during the past year—one for every week in the year; 735 new members have been added to the roster, inclusive of new club memberships. The report indicated that at Conference time we had 11,559 members. Since then, however, several new clubs have been formed so that our membership is now over the 12,000 mark—the largest in our history.

Mrs. Darleen Crocker, Bulletin Editor, stated that eight issues of the *International* had consisted of 11,000 copies monthly. There was no issue in December. She also stated that she had been able to use all the Canadian articles submitted for the Canadian issue which was brought out last April. Mrs. Mary Geyer, Treasurer, read the Financial Statement which shows a balance in the treasury of \$26,-855.67.

In introducing our new Executive Secretary, Geneva McQuatters, President Marge referred to this year as "Geneva Year," having no reference of course to the Geneva, Switzerland, Conference. Geneva has a charming personality and we all learned to love her in the short time we were together. Geneva's years of experience in other clubs and organizations will help in the future success of our organization.

After the naming of the Award Chairmen and their committees, the meeting adjourned until Wednesday evening.

On Monday evening about 20 of us from District Five met at "The Old House" restaurant—one of Louisville's famous French eating places. When we first glanced at the menu the prices rather staggered us, but, like Monty Woolley, we "Stayed for Dinner." Later on we enjoyed music Kentucky style by Randy Atcher and cast of 17 entertainers, all CBS Radio and Television stars, in the Flag Room.

The charter members of the "Career Club" met on Tuesday morning for their first breakfast, with an attendance of 79 (thirteen or more of whom are members of District Five). Their report indicated 235 charter members up to the time of the Conference, but it now stands at 343. Their newly elected President is Mrs. Nora Arendt, with Mrs. Mary Morgan as Secretary. The club's first President was Mrs. Catharine Bartlett, President of *International* in 1940. Twenty-five years or more in credit makes you eligible for membership.

Tuesday Morning General Sessions

General Sessions opened on Tuesday morning with a sing-song led by Edward Barret. Then having been welcomed by W. J. Tate, Ottawa, Ontario, first Canadian President of the N.R.C.A., greetings were extended by Marjorie Girton. A surprise feature of this meeting was the presentation of five Kentucky Colonel Commissions in recognition of service and leadership. These were presented by Mayor White to Marjorie Girton, W. J. Tate, L. S. Crowder, Harold Wallace and Walter Graff. The Honorable Order of Kentucky Colonels entitles one to a Derby seat and a banquet on Derby Day.

The keynote address was delivered by Dr. Kenneth McFarland, Educational Consultant, General Motors Corporation, Detroit, Mich., who had chosen as his subject "Lamp Lighters." He urged his 1,100 listeners "to put light in other people's faces." "Lamp lighters," he said, "are persons who have a light 'inside of themselves,' that lets them see to do the right thing, and do it with finesse." Later we en-

joyed the film, "The Good Things of Life—On Credit," produced by the University of Oklahoma for the National Retail Credit Association. This film is strongly recommended to be shown at every Breakfast Club.

In the evening the delegates were treated to two complimentary Mint Juleps and music by Pee Wee King, this taking place in the Flag Room.

The subject of the panel discussion on Wednesday was "Credit Problems" with Wimberly C. Goodman, Second Vice President of N.R.C.A. as Moderator. Later we enjoyed a talk on "The Look Ahead" by Paul M. Millians, Vice President, Commercial Credit Company, Baltimore, Maryland. He outlined the outlook for business—credit and otherwise—for the coming year. Mr. Millians came to us direct from the Annual Eastern Credit Conference of the Canadian Credit Men's Trust Association Limited, held at Murray Bay, Quebec.

On Wednesday morning at 7:30, sweet rolls and coffee were served to the International Officers, Committee Chairmen and Past Presidents, the hostesses being the District Five, C.W.B.C.

Second Business Meeting

At the Wednesday evening dinner and second Business Meeting of the C.W.B.C. of N. A., Inc., officers were elected and installed, and various reports from standing committees were read. The meeting opened with the reading of the Creed by our own Hilda Felice, President, C.W.B.C. of St. Catharines, and Bulletin Award Chairman for District Five. Another surprise was in store for us. Joseph A. White, on behalf of the N.R.C.A. Board, presented our organization with a cheque for \$1,800.00, and Arthur H. Hert, on behalf of Mr. Lindley S. Crowder, presented us with an elegant electric clock to grace our executive office.

Mrs. Heloise Marsee, Educational Chairman, informed us that 12,916 Manuals had been distributed during the year, and that 4,532 certificates and 145 diplomas had been granted. Future Advantages Chairman, Mrs. Lucile Wright, was not present and her report was read by President Marge.

The setting up of an Award Review Committee was a great step forward. This committee includes the President and executive of all three organizations, plus local conference chairmen. Nelle Stombs, Chairman, Constitution and By-Laws, read the changes in the Constitution. Advisory Chairman, Mrs. Lois Huey, then made her report on our new offices in St. Louis. Marcella Adamitz announced the discontinuance of the Stamp Project. Pin and Emblem Chairman, Mrs. Mary Morgan, stated that we had done a land office business in club jewelry, and that we had sold \$6,908.52 worth—the largest amount in the history of C.W.B.C. Career Club Chairman, Francie Rowe, told us that the Career Club was organized in July, 1954, and there are now 343 charter members.

The following Awards were announced:

| | |
|---------------------|---|
| Achievement: | Stillwater, Okla. |
| Attendance Award: | Houston, Texas (11,736 miles, 6 delegates) |
| (Mileage) | |
| District Bulletin: | Lone Star, District 8, 1st; Golden West Council, Dist. 11, 2nd; Lake Erie Council, Dist. 5, 3rd. |
| District Education: | Dist. 10, 1st (69%); Dist. 8, 2nd (60%); Dist. 12, 3rd (56%). |
| Extension Award: | Winston-Salem and Charlotte, North Carolina, tied for 1st; Tulsa, Okla., and Caldwell, Idaho, tied for 2nd; Salisbury, North Carolina, 3rd. |

(Turn to "Kentucky," page 25.)

CREDIT DEPARTMENT

Letters

LEONARD BERRY

PROFESSOR Stewart Harral, lecturing on the subject of Public Relations at N.R.C.A.'s *Retail Credit Institute* at the University of Oklahoma last July, made this significant point, "People like to be *offered* credit facilities rather than have to ask for them." This is another argument for the necessity, so often urged in this department, of continuous and intensive credit sales promotion programs.

There are few retailers today who are not able to offer the same merchandise at the same price as their competitors. The "plus" factor is the greater aggressiveness and industry of one store in going out after new credit business, not just occasionally, not in aimless, hit-or-miss fashion, but steadily and consistently, overlooking no possibility and sparing no effort.

Another point made by Professor Harral was that it is a mistake to say, "Once a customer—always a customer. People change; tastes change; trends change." That highlights the necessity of maintaining the highest possible levels of thoughtful credit department salesmanship in every phase of customer contacts in order to retain those customers we already have.

We are in an era of intense competition for the consumer's patronage. Right now, at the beginning of the Fall and Winter shopping seasons, so important to all retailers, we should be sharpening our credit sales promotion tools in order to create maximum credit sales.

In the area of *tangible* credit department salesmanship, that is, the obtaining of new accounts, we should make each expense dollar fully productive. It should be possible, for instance, to create a composite self-portrait of the typical customer of a given store. Then, having established the kind of person constituting the main portion of the store's clientele, find out where the majority of such people can be found and concentrate our direct mail on them. This will prevent the costly and unproductive method of just buying "lists" of names that often produce only relatively few prospects. Pin-pointed, selective promotion is far better and cheaper than scattered broadsides.

Credit sales promotion letters should be sent out well in advance of the need for the credit accommodation. By so doing, all formalities of opening and processing the account are accomplished and the account ready for use when the buying season gains momentum. Thus, October should be a month of vigorous activity to get new names on the books.

In the area of *intangible* credit department salesmanship, that is, everything we do that causes customers to regard ours as their favorite store, there is so much that we can do.

We can make our credit offices attractive and pleasing. Instead of being dingy and uninviting, as so many are,

they should present a warm and friendly appearance. This does wonders in putting prospective customers at ease and thus they are more easily handled.

We can speed up the mailing of the acceptance of credit notification to the new customer and we can make the notification itself do a re-selling job. One common accusation is that we usually take too long to tell the new credit customer that her account is opened. That difficulty can often be solved by streamlining our routine operations and by giving the credit bureau every possible cooperation so that the credit report can be expedited.

Credit department salesmanship extends to the selling personnel within the store. The credit executive can be of immense value in encouraging salespeople to regard the credit department as a place where sales are *helped*, not lost. All it requires is some effort to *sell* the salespeople on the credit department.

We greatly need, Professor Harral told us, to brush up on the public relations aspects of our jobs. We should offer more warm service and less cold efficiency. We should work *with* people, not *on* them. We should help them, not add to their confusion. Treat them as people, not merely as numbers. Find out what are the things we do that *please* people and do more of them. Find out what are the things we do that *displease* people and do less of them.

This Month's Illustrations

All illustrations this month are from stores and firms in Atlanta, Georgia. Our grateful thanks to Frank G. Mewborn, Credit Bureau of Atlanta, who assembled them.

Illustration No. 1. Declining an application is a difficult task; an unwelcome message must be delivered while good will must be preserved so far as is possible. The declination must be couched in friendly language and future reconsideration suggested.

Illustration No. 2. The personality of a store is expressed by an attractive letterhead. Here is a *selling* letter that fulfills all requirements.

Illustration No. 3. The acceptance of an application for credit offers a rare opportunity for creating good will. The letter, as it should, leads with the "good news" that the account is immediately usable.

Illustration No. 4. This collection letter is commendably brief and uses a sound payment appeal. At this stage of the collection procedure the mention of the Credit Bureau is usually most effective.

Illustration No. 5. Here is an example of the growing use of printed notices for certain credit office correspondence situations. Important economies in cost and handling can often be made by using them.



ZACHRY

AT 27 PEACHTREE STREET, N.E. • CYPRESS TALK • ATLANTA 3, GEORGIA

September 15, 1955

Mrs. John C. Customer
600 Main Street
Your City, Your State

Dear Mrs. Customer:

Thank you for your recent request for a charge account at Zachry's. Your confidence in this store is much appreciated.

Though we are not in a position to open the account just now, perhaps the situation later will permit us to do so. We sincerely hope so.

Meanwhile, please visit the store often and enjoy the many conveniences of shopping here. Every effort will be made to serve you well, and we hope you'll give us frequent opportunities to do so.

Cordially yours,
ZACHRY

Helga L. Schwapp,
Credit Manager.

THE MIRROR

1000 HUNTER STREET, N.W.

MILLINERY - WOMEN'S APPAREL - SHOES

"Every Woman's Mirror"

ATLANTA 3, GA.

September 15, 1955

Mrs. John C. Customer
600 Main Street
Your City, Your State

Dear Mrs. Customer:

THE MIRROR welcomes you as a new charge account customer and hopes that you will find your account a source of great convenience.

This opportunity to serve you is appreciated. Please be assured that we shall at all times give you such merchandise, prices, and service as will merit your confidence and patronage.

We hope every contact you have with us will be pleasant and every transaction satisfactory.

Very truly yours,
THE MIRROR SHOP, INC.

Credit Manager

Rich's
ATLANTA 3, GA.

2

September 15, 1955

Mrs. John C. Customer
600 Main Street
Your City, Your State

Dear Mrs. Customer:

Welcome to Atlanta and Rich's!

The spirit that prompts this welcome is no mere gesture but a very genuine desire that on your first visit to this store you will immediately feel at home.

For over eighty-eight years, Rich's has built a reputation for quality, fair dealing, and dependability - and is now on the alert for opportunities to render a service.

In order to facilitate your shopping, we have opened a charge account in your name. We hope you will use it and that it will make your shopping at Rich's still more pleasant.

For just as Atlanta is famed for its hospitality, Rich's is famed as the hospitable shopping center of the South. When you are in the store, won't you please call by our Personal Shopping Service, known as Fudgee Fudge, so that they may introduce you to some of the resources we want to place at your command.

Cordially yours,

Richard H. Rich
President
RICH'S INC.

Atlanta
"The Best Center of the South"
TAKES PLEASURE IN OPENING A
CHARGE ACCOUNT FOR YOU
AND WELCOMES YOU AS
ONE OF OUR CHARGE PATRONS
CHIT 7 RICH'S 1955
ATLANTA, GA.

Hirsch's

79 PEACHTREE STREET ATLANTA 3, GEORGIA

September 15, 1955

Mrs. John C. Customer
600 Main Street
Your City, Your State

Dear Mrs. Customer:

Time passes quickly and it's hard to realize another fiscal year closes at Hirsch's this month.

October 1st, Young & Barter (Certified Public Accountants) will analyze each account and those showing past due balances will be tabbed for further handling. We find your account among this group showing a balance of \$300.00 outstanding since _____.

Payment in full will do two things, it will restore your account to a current basis and will protect your rating with the Credit Bureau of Atlanta.

Why not mail check while the matter claims your attention?

Thanks!

Yours truly,
Hirsch's

Credit Manager

CREDIT FLASHES

Canadian Credit Institute

The Canadian Credit Institute, through the University of Toronto, now offers a completely new and revised three-year course leading to the degree of M.C.I. (Member Credit Institute). This course covers not only such subjects as credits, collections and retailing, but also includes studies in economics, psychology, business English, accounting and commercial law which assist in the application of practical knowledge. The course of study and the facilities of the Canadian Credit Institute, The Associated Credit Bureaus of Canada, The Credit Granters' Association of Canada and The Canadian Credit Men's Trust Association, Ltd., are open to every active credit manager, his assistants and others engaged in credit work; also to those who wish to enter the field of credit. For a copy of the syllabus and other information write: N. K. Gateson, President, Associated Credit Bureaus of Canada, Box 236, Belleville, Ontario, Canada, or H. L. Hulme, A.C.I., President, Credit Granters' Association of Canada, c/o Aluminum Goods Ltd., 158 Sterling Road, Toronto, Ontario, Canada.

For Sale

CREDIT AND COLLECTION BUREAU Do you want to operate a business of your own and enjoy a good income? Average monthly gross fee \$2,300.00. Credit Bureau membership now 300 and still growing. Outstanding credit guide and files, good collection clientele. Modern, progressive farming community of 5,000. Coverage in four counties. Forced to sell because of ill health. Price, \$25,000. Also interested in selling main office at New Ulm, Minnesota. Write, Charles L. Lindemann, Lindy's Credit Services, Hutchinson, Minnesota.

Wanted to Buy

USED RECORDAK, Junior Microfilmer, prefer Model JC-1. Air Mail reply. Marie Marburger, Rosenberg Library, Galveston, Texas.

Position Wanted

Executive Credit Manager wishes to make change. With present store for 25 years. Experienced in operation of installment and cycle billing systems. Supervisor of credit, collection and inactive solicitation departments. Box 10551, The CREDIT WORLD.

Coming District Meetings

District Two (New York and New Jersey) and **District Twelve** (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold a joint annual meeting at the Hotel Roosevelt, Pittsburgh, Pennsylvania, February 12, 13, and 14, 1956.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Hotel Savery, Des Moines, Iowa, March 11, 12, and 13, 1956.

District Eight (Texas) will hold its annual meeting at the Stephen F. Austin Hotel, Austin, Texas, May 20, 21, and 22, 1956.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Broadmoor Hotel, Colorado Springs, Colorado, February 19, 20, and 21, 1956.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Olympic Hotel, Seattle, Washington, May 21, 22, 23, and 24, 1956.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting in Fresno, California, February 19, 20, 21, and 22, 1956.

Revolving Credit System Adopted

Carson, Pirie, Scott & Company, Chicago, Ill., has adopted a revolving credit system. It is the fourth type of charge account to be employed by the store. A circular was sent to Carson's customers stating "Carson's Budget Charge is a new fast, easy way to buy what you need and pay as you can," over a 12-month period. The maximum amount that may be charged is determined by the amount the customer can afford to pay each month and multiplied by 12. If she can pay \$25.00 per month, her limit would be \$300.00 a year on this type of charge system. She makes no down payment at the time of purchasing merchandise. Each month the customer will receive a bill stating the rate, or amount, owed that month plus the balance to be paid in subsequent months. A golden metal Charga-Plate will be given to customers using this revolving credit system to distinguish from silver tone metal plates employed for regular charge. The store's other two systems are 90-day charges, and extended payment accounts.—*Women's Wear Daily*.

Meet Me in St. Louie, Louie—Be Sure to Meet Me There

THE 42ND ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

HOTELS JEFFERSON AND STATLER, ST. LOUIS, MISSOURI, JUNE 18-21, 1956

National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

"Kentucky"

(Beginning on page 20.)

Local Bulletin: *Credit Crumbs*, Vancouver, B. C., 1st;
Dinner's Digest, London, Ont., 2nd;
Gold Diggers, 3rd.
Membership Increase: Flint, Mich., 1st (166.66%); Stillwater,
Okla., 2nd (142.85%); Big Spring,
Texas, 3rd (136.36%).

There were 297 ballots cast, and the following Officers were elected for the ensuing year: President, Mrs. Una Pearson, Fort Smith, Arkansas; 1st Vice President, Rita Barnes, London, Ont., Canada; 2nd Vice President, Mrs. Darleen Crocker, Portland, Maine; Treasurer, Mrs. Dorothy Bolte, Joliet, Illinois. Canadian delegates were greatly elated when their own Rita Barnes of London, Ontario, was elected to the office of 1st Vice President.

The officers were installed by Mrs. Mabel Bliss with the usual impressive candle-lighting ceremony—the first candle representing "Faith," the second, "Vision," the third "Courage"—the motto of C.W.B.C., and last, the fourth candle represented "Friendship."

President Marge proved herself to be a "thoroughbred" in the true sense of the word, and thanks to her poise and serenity, everything ran smoothly. Thanks, too, are in order to her efficient Corresponding Secretary, Joan Haegen, who did a mighty fine job during the year. It was regrettable that our first President, Avadana Cochran, was not able to be present at this year's Conference.

The C.W.B.C. of Fort Smith, Arkansas, presented a horseshoe made from red carnations to our newly elected President, Mrs. Una Pearson. Una is very sweet and tenderhearted, and her acceptance speech assured us of another history-making year. We in District Five will assume our share of the responsibility of supporting this fine leader.

To celebrate "Canada Year" in N.R.C.A., we were invited to a Cocktail Hour in the suite of Mr. H. L. Hulme, A.C.I., and Mrs. Hulme. This took place prior to the second Business Meeting on Wednesday evening.

Last Day of Conference

On Thursday, the last day of the Conference, we were up bright and early to attend the last assembly and the Panel Discussion on, "Make It Easy to Say Charge It"—Moderator, Francis W. Smith, Credit Bureau of Salem, Oregon. Emmett J. Leahy, President, Leahy and Company, New York City, entitled his address: "Don't file it—throw it away." Colonel Marjorie Girtton gave out the Annual Awards and then introduced the new officers of the C.W.B.C. of N. A., Inc. We were happy to see the Una Pearson Trophy—(Membership Increase Award), presented to Flint, Mich., a member of District Five, and President Hattie Belknap was rightly proud when she accepted the Award in the absence of Mrs. Alpha Wade, President, C.W.B.C. of Flint. International Achievement Awards were given out by Harold A. Wallace, Executive Vice President, ACBoFA., and he introduced the new officers of that association. Membership Awards were given by Lindley S. Crowder, General Manager-Treasurer, N.R.C.A., who introduced the new officers of that association.

Thursday evening was the climax to a never-to-be-forgotten Conference, the occasion being the Annual Banquet and Dance. The ladies looked elegant in their beautiful evening gowns, and the men in white evening jackets were handsome, witty and gay. Special tables were reserved for the Canadian

New Booklet on Check Cashing

The Retail Merchants Association of Houston, Texas, has prepared a manual of information to prevent losses when cashing checks. This 20-page pamphlet is intended to be a guide for those retail merchants offering check cashing services to the public. The material was compiled from authoritative sources; from merchants with long check cashing experience, and from the files of the Protective Department of the Retail Merchants Association. The title of the manual is "Be Cautious in Cashing Checks" and the price is 50 cents per copy.

"Meet Me in St. Louie, Louie"

On July 15, 1955, our good friend, Frank E. Morris, Executive Manager, Texas Retail Dry Goods Association, Dallas, Texas, suggested that the theme for our next annual conference to be held in St. Louis should be "Meet Me in St. Louie, Louie—Be Sure to Meet Me There," after the song by the same name. We will use this in all of our publicity about the conference and the first notice will be found at the bottom of the page opposite.

James L. Griggs Joins Remington Rand

James L. Griggs, formerly vice president, methods and systems of Craig Machine Inc., has been appointed manager of sales development of the Remington Rand Division of Sperry Rand Corporation.

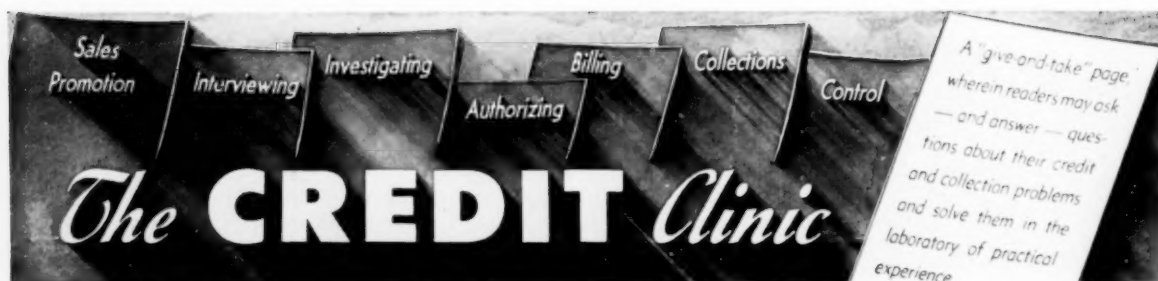
"Credit Dealings"

(Beginning on page 12.)

to employ these principles. Growth has attended our many years of business. This growth, quoted in sales volume, reached \$60,000,000 in 1954. The great bulk of this amount was purchased on credit plans. Our credit customers keep coming home to Rich's! As people hand their Charga-plates to the salesperson they are not statistics—they are individuals! When accounts are reviewed, they are not mere records, they represent people . . . human beings with needs, wants and, sometimes, problems. These principles, consistently followed, generate the goodwill that all of us covet for continued success. Practice of them becomes tradition—and this tradition teaches and proves that "people are more important than things." These are the elements, in the latitude of credit, that change a business into an institution. ★★★

delegates. Needless to say we were proud of the excellent leadership of the first Canadian President of N.R.C.A., W. J. Tate of Ottawa, Ontario. We all agreed that the dinner was one of the best meals we had eaten in Louisville, and it was enlivened by talented entertainers. The time for the final good-byes was almost at hand but next year's theme song, "Meet Me in St. Louis," made all of us realize that it wouldn't be long before we would meet again.

As we make acquaintances with women from other States and Canadian Provinces, we quickly discern that our highest aspirations are in common, namely for understanding and good will, and it is at Conferences such as these that we are aware of the fact that the C.W.B.C. of N. A., Inc., is one of those organizations which seeks always to maintain the unity and close friendship which have so long existed between the two great countries of North America—Canada and the United States! ★★★



Petroleum QUESTION

(a) What guides should be used to make comparisons of monthly collection percentages and where can such guides be obtained?

(b) Should I age "Accounts Receivable" every month and how can I get the best use out of the figures?

ANSWERS

H. M. Barrentine, Skelly Oil Company, Kansas City, Missouri: Regarding part "A," we have developed our own guides for making comparisons of monthly percentages. It is my understanding that most petroleum companies have done the same in developing forms to meet their special needs. There are a number of companies specializing in forms who are prepared to offer services in developing any type of percentage guide form that might be needed. Before any percentage guide can be used effectively, it is necessary to age-analyze accounts—recording each account as to total amount due, amount current, amount 60 days past due, amount 90 days past due, and amount over 90 days past due, respectively. Each age column is totaled and balanced with the total of the ledger, with percentage as to currency figured in each of the age categories. This will tell at a glance the weak points in a collection program.

My answer is a definite "yes" to part "B." Accounts should be aged each month. We find it very informative to compare current month figures with the previous month, and with the previous year. Such comparisons enable us to spot weak points immediately, as well as to point-up improvements. We are able to take immediate necessary corrective action on weak points. Without age-analysis considerable extra effort would be necessary in reviewing ledgers to determine this information. Prompt follow-up on accounts can be accomplished much more easily and with dispatch, when monthly aging is available at finger tip. The age-analysis sheet is also used at all times in recording daily action taken—such as collection follow-up, telephone conversations, promises, etc. And last, but not least, our salespeople, who are furnished a copy of the age-analysis each month, find it most helpful in keeping informed on the monthly purchase activity of the customers.

F. L. Drake, Socony Mobiloil Company, New York, New York: (Part A) Guides for comparison are vitally important to the credit executive, his staff, and all interested management. Such guides should be suited to the requirements of those who use them; they should be simple and understandable; they should not only reflect a quick picture of the total condition, but also

be developed to allow tracing back to the source for the answer to any question that may arise. We age receivables outstanding that are past due, omitting (in detail only, not combined dollars involved) those accounts that owe only for the current month's sales, and from that aging develop percentages of total dollars past due, 30 days, 60 days, 90 days, and previous, each to the total receivable dollars outstanding at the time. For over-all purposes the 60-day-and-older percentage is the one figure that is used as the broad comparative criterion of delinquency, which seems practical for any concern whose general average credit terms are 30 days. This 60-day-and-over percentage should be replaced by a shorter or longer grouping if over-all longer or shorter terms were a fact.

The choice of this 60-day theory is based, among other things, on the premise that a delinquent position guide should, as closely as possible, picture those cases that have reached a collection problem stage. At this period, the simple obstructions to prompt payment, such as minor questions about an account, temporary absence of the customer, etc., have been passed, and although the average credit manager would probably not call an account under 90 days seriously delinquent, the 60-day mark includes the reflection of those cases that are closely approaching this stage. Therefore, that trend reflection is important. The build-up of these percentages should be in keeping with the layout and credit responsibility of the entire organization. On the premise that any business would desire credit control of deliveries, with at least a partial responsibility at points of storage and distribution, and that the sales organization shall have an interest and part in the request for credit and subsequent collection, we feel: (1) Customers' ledgers should be set up, as nearly as possible, to group accounts of a delivery point and/or sales territory together. (2) In doing so, consideration has to be given to the need, if any, of the type of customer or perhaps product involved. It follows that from the ledger—properly arranged—may be developed the collection percentage position to any degree of breakdown, from the total result for the company to any subdivision of area, department responsibility or type of business sold, that may be desirable. Comparison of results can best be measured against the same month of the preceding year because of seasonal trends that vary from month to month. This of course is not to say that comparison with the intervening reporting periods should not be watched. As a final point, these collection percentage results must not in themselves be the only criterion of a concern's collection position. They are influenced to varying degrees by many things—to name only a few: gross write-offs to bad debts, the volume variation in sales, and any variation in the policy

of acceptance of new business and terms. Any report on collection position must always be accompanied by comparable result figures on other parts of the operation.

(Part B) Whether or not accounts receivable shall be aged monthly depends on numerous things, such as type of account, terms, to what use the analysis is put and general experience developed to guide one's judgment. For a broad answer, we would advise that wholesale accounts (generally meaning all types other than individual consumers) should be aged each month on a basis of a 100 per cent analysis of those past due (omitting the detail of those owing the current month not due, assuming 30-day terms). Depending on some of the factors just mentioned, however, it may well be that this effort can be reduced to varying degrees on all parts of the total accounts. As a *minimum* we feel that a past-due analysis should be made on these accounts each month to include all cases where attention for delivery control or collection assistance is vital to protection of the outstanding money. On retail accounts, it may be found that only the detail of cases requiring particular attention may be deemed necessary each month. To summarize, (1) that on a maximum of quarterly, a complete past-due analysis of all types of receivables be made, (2) that monthly, a minimum of all cases definitely requiring field or supervisory control and collection attention should be analyzed. The best use of the resulting analysis can, we believe, be made by comparison with previous ones for certain aspects, review and consultation with the credit man on the over-all and specific cases, its value as a "work sheet" for the credit man, and the distribution of copies for the use of salesmen and delivery point employees to use for collection and control purposes. It is one of the most usable and flexible "tools" for depicting both an over-all and individual situation in not only the supervisory, but also the creditman's and salesman's credit and collection kit.

J. D. Hartup, Standard Oil Company of California, Spokane, Washington: (Part A) It is essential that a credit executive knows accurately the condition of his accounts receivable each month. A basic measurement is the percentage of the previous month's total receivables collected. There is also value in the percentage of number of accounts in a current condition. The exchange of these percentages during group discussions at National or District conferences provides an excellent opportunity for comparisons.

(Part B) In my opinion, every business that extends credit should also age its accounts receivable monthly on Form 721 of the National Retail Credit Association, or on a similar form. When provided with such information the credit executive can plan effectively a collection program in accordance with the credit policy and the working capital position of his company. A comparison of these figures with those of the previous year and previous month will highlight changes in the condition of accounts receivable.

William Stockton, The Atlantic Refining Company, Philadelphia, Pennsylvania: (Part A) I would compare my monthly collection percentages with the corresponding month of the previous year: (1) in my own company, and (2) in other companies within area and my industry.

(Part B) There is so little change from month to month that a monthly aging of retail accounts receivable, in my opinion, is too expensive. I think that quarterly aging of receivables is adequate in order to note change in trend.

Jack Terry, Independent Gasoline & Oil Company, Inc., Rochester, New York: (Part A) Guides for making comparisons of monthly collection percentages can be figures that show the average percentages for a monthly, or yearly (or longer) period. These guides should be average figures for your type of business. It is useless to use average figures for another business or store; yet I have sometimes seen comparisons made between oil company receivables for example, and department store receivables. The current results of your aging can be compared with your average figures to show whether you have been making progress in your collection program; have been extending too much credit at the wrong time of your season (or not enough); and have been lax in your follow-up, etc. Depending on the answers needed, there are many comparisons that can be made using your monthly figures. Undoubtedly, guides can be obtained from Dun & Bradstreet and other mercantile agencies. The best source for these guides, however, will be your own figures and files.

(Part B) I definitely feel that monthly aging of "Accounts Receivable" should be a "must" in all retail stores and businesses. In our business, I could not honestly do the job expected of me or supply fast, accurate answers for my employer if a monthly aging program were not followed. Management today needs answers without delay, and these answers must be accurate and have meaning. It should be a fundamental part of a credit man's job to operate in this fashion. To get the best use out of monthly figures one should use them, not just compile and file them. The best use I find for them is to watch the progress pattern they reveal. Where are we going? How do we compare with last month, and is the 60 to 90 day column out of line? Aging saves time, too, for you see at once where concentration is needed in order to get that money in.

R. W. Weiler, The Texas Company, New York, New York: (Part A) Monthly retail collection percentages when compared with a series of past months' results are the best guide that can be used. If industry figures for the same type accounts are used, a much broader field is available as a guide. There are certain barometers measuring business activities available through the Government which might be used in a broad sense. However, due recognition must be made that these figures are seldom available as fast as a company's collection percentages. Credit management is charged with the responsibility of detecting trends from statistics and to interpret them so that corrective action may be taken. Each company has its own credit policy and each industry has competitive conditions that affect receivables and their liquidity.

(Part B) There should be an aging of retail accounts receivable each month because it is only through such analysis that accounts in past-due condition can be known. Each account must be aged because it is through this type of analysis that collection activities are started and followed.



Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

United States Postal Money Order Form: A Continuing Problem—Over the past several years, N.R.C.A. has interested itself in improvement in the money order form in order that the remitter or purchaser could be better identified by credit granters who received large numbers of money orders in small denominations (see *The CREDIT WORLD*, September, 1953; April and September, 1954). This problem was corrected to a large extent by changes made by the Post Office Department which helped to identify the purchaser and establish his address.

A new and somewhat startling problem was presented to your Washington representative for the first time in the spring of 1955. This was the problem of increasing or raising money orders (see *The CREDIT WORLD*, May, 1955). Traffic in these altered money orders had reached serious proportions by the spring of 1955. At that time the Post Office Department advised that it was considering the installation, in principal cities, of machines similar to check-writing machines.

The Department now states that it has experimented with these machines in the Washington, D. C., area, in cooperation with manufacturers who have revised their models several times, incorporating certain features to meet the needs of the P. O. operation. Results are still being watched closely to determine feasibility of these machines.

Seriousness of the problem, however, has induced the Post Office Department to announce that commencing October 1, 1955, postmasters at all first- and second-class

post offices, about 10,000 in number, have been instructed to begin use of a new money order form better designed to frustrate or discourage the would-be passer of these altered orders. A specimen copy of the new form is reproduced below.

A particular feature which has been added and is designed to afford a maximum of protection is the use of a rubber stamp—and a non-eradicable ink—inserted in the next higher multiple of \$10.00. In other words, if the order is issued for \$5.00, the rubber-stamp impression will show TEN (spelled) in the place indicated. An order written for any sum between \$10.01 and \$20.00 would bear the rubber-stamp impression of the word TWENTY, etc. Issuing employees at first- and second-class post offices are being furnished with a special non-eradicable red ink for this purpose.

Congressional Committees—The *Congressional Quarterly* reports in a survey released September 13, 1955, that of the 2,941 committee and subcommittee meetings held by Congress from January 5, 1955, to August 2, 1955, 36 per cent were executive or closed meetings. This represented a decrease from 41 per cent of secret meetings held by Congress last year, the report said. Highest secrecy record was undoubtedly made by House Appropriations Committee which, according to the *Congressional Quarterly*, held all but two of its 325 meetings behind closed doors. The House Un-American Activities Committee, on the other hand, reported no closed meetings.

United States Postal Money Order 12- 12- 12-

MAY BE CASHED AT ANY POST OFFICE
COLLECTIBLE THROUGH ANY FEDERAL RESERVE BANK

PAY AMOUNT IN THIS BLOCK →

BUT NOT MORE THAN _____ DOLLARS
INFORMATION BELOW TO BE INSERTED BY PURCHASER

TO _____
PAYEE'S NAME

PURCHASER _____
PURCHASER'S NAME

IF C.O.D. ENTER NO. HERE _____
PURCHASER'S STREET ADDRESS
PURCHASER'S CITY _____ STATE _____

VOID IF ALTERED
DO NOT FOLD, STAPLE, SPINDLE OR MUTILATE

15-11B
000

DOLLARS CENTS

U. S. Postal Money Order
PURCHASER'S RECEIPT

DETACH AND HOLD

POST OFFICE RECORD

FILL IN OTHER SIDE

ISSUING OFFICE

STAMP

INITIAL OF ISSUING EMPLOYEE

SPECIMEN

Businessmen's Spending: Barometer of Financial Opinion—Presumably manufacturers and other business entrepreneurs gauge their future spending operations by best available indexes, thus differing radically from the consumer who is planning to invest his income or capital in a new automobile, new home appliances, or a new or modernized home.

The Commerce Department's Office of Business Economics, in a release of September 12, 1955, stated that American businessmen planned to spend about 4 per cent more for new buildings and equipment in 1955 than in 1954. In terms of money involved, the Commerce release stated that business will spend about \$27,896,000,000 for expansion this year compared with \$26,827,000,000 last year.

Socialism via Taxation—Former Indiana Congressman Samuel B. Pettengill, in a recent speech before the Mid-Continent Oil and Gas Association at Fort Worth, Texas, titled "Socialism via Taxation," gave the following table on the increase in taxes from 1902 to 1953:

| | |
|--------------------------------|-----------------|
| Federal taxes increased | 11,765 per cent |
| State taxes increased | 6,657 per cent |
| Local taxes increased | 1,244 per cent |
| All taxes, combined, increased | 5,846 per cent |

Referring to those who say that we need not be too much concerned with unbalanced budgets and higher

taxes, Mr. Pettengill gave the following homely but trenchant story:

"Such philosophy," he said, "reminds me of the story of a boy who lifted a newborn calf and said to himself, 'If I lift the calf every day I will be able to lift him when he is a steer.' He found that the calf grew faster than he did. The day came when he could not lift it." He further presented a chart to show that on the basis of a continuation of the same trend of the relationships between net national product and federal, state and local taxes, tax receipts will reach 100 per cent of the net National Product in the year 2042.

Easy Credit—In Washington, D. C., on September 14, 1955, a grand jury indicted seven men charged with false statements in obtaining more than \$25,000 in home improvement loans. The defendants, three contractors and four of their employees, arranged for FHA guaranteed home improvement loans. Defendants followed one of several devices in making out loan applications. In some instances the value of property purchased for as little as \$800.00 was set up as \$7,500.00 in the loan application; in others an overestimate of the cost of the improvements was used as the basis in applying for the loan. Maximum penalty for making false statements in applying for such home improvement loans is a \$5,000 fine and two years in jail.

Today's most efficient methods in extending credit and making collections

This book gives a complete and thorough explanation of the credit and collection manager's job and the methods of credit administration and control that are proving effective throughout the business world today. It emphasizes mercantile and retail credits and collections, and offers numerous practical suggestions making for efficiency in the performance of a manager's duties. It is packed with successful plans and methods for improvement in the handling of the most intricate credit problems that come up in the daily routine. This careful, practical discussion of the entire credit system will yield hundreds of new ideas, plans and methods to credit men, collection managers and correspondents, and collection and credit agencies. Sixth edition is fully revised, and contains a wealth of valuable, up-to-date material.



CREDITS AND COLLECTIONS IN THEORY AND PRACTICE

By Theodore N. Beckman and Robert Bartels
*Both Professors of Business Organization
The Ohio State University*

Sixth Edition, 612 pages, 6x9, 80 illus., \$6.50



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LOCAL ASSOCIATION *Activities*



Madison, Wisconsin

At the annual meeting of the Madison Retail Credit Association, Madison, Wisconsin, the following officers and directors were elected: President, Marvin Luther, Dean Clinic; First Vice President, Stanley Nettum, Hult's Capital Garage; Second Vice President, Reginald Hall, Pyramid Motors; and Secretary-Treasurer, N. B. Critser, Credit Bureau of Madison. Directors: B. A. Rodenfels, Bank of Madison; W. H. Wittwer, Wolff, Kubly and Hirsig; Veronica Van Ness, Forbes Meagher Music Company; Al Sutherland, Madison General Hospital; Elda Parkinson, Manchesters; and C. A. Bieker, Sears, Roebuck and Company.

Windsor, Ontario, Canada

The new officers and directors of the Credit Granters Association of Windsor, Windsor, Ontario, Canada, are: President, William Brown, Essex Farmers, Ltd.; Vice President, Lawrence Brennan, Webster Motors Ltd.; and Secretary-Treasurer, H. M. Beattie, Credit Bureau of Windsor. Directors: Dave Harrow, Downtown Chev. Olds., Ltd.; Ernest Hassberger, Gitlins Ltd.; Jeff Cainen, Waddell's Sound & Radio Ltd.; Syd Cowlin, Trans Canada Credit Corp., Ltd.; and James Bessette, Sams Department Store Ltd.

Miami Association Incorporates

The Miami Credit Association, Miami, Florida, was incorporated recently and the name changed to Greater Miami Credit Association. This name was preferred as it will broaden the scope of membership and enable the association to develop a much larger and more effective organization. The picture below was taken at the signing of the incorporation papers in the office of Circuit Judge George E. Holt. Shown left to right, are: Carl E. Dunford, and W. H. Hearne, Directors; James H. Callahan, President; James C. Herren, Secretary; G. David Parrish, Attorney; James W. Crawford, Vice President; Jacob Booth, Director; and Henry Horton, Vice President. Seated is Judge Holt. The Miami Association has been a National unit since 1930. It will be host to the 43rd Annual International Consumer Credit Conference of the National Retail Credit Association, Associated Credit Bureaus of America, and Credit Women's Breakfast Clubs of North America to be held at Miami Beach, Florida, June 17-20, 1957.



Providence, Rhode Island

At a recent meeting of the Retail Credit Granters of Rhode Island, Providence, Rhode Island, the following officers and directors were elected: President, William A. Reed, Kay's Newport; Vice President, Frederick E. Hardy, The Outlet Company; and Secretary-Treasurer, Clinton W. Briggs, Providence Credit Bureau. Directors: Elizabeth D. Christie, Kennedy's; Robert W. Clough, Atlantic Refining Company; Herbert A. Doyle, Petroleum Heat & Power Company; Joseph H. Driscoll, Narragansett Electric Company; Sally E. Hammond, Tilden-Thurber Corporation; Jay V. O'Dell, Old Colony Co-operative Bank; Mrs. Mary M. Roberts, Manchester & Hudson Company; Harold B. Smith, The Shepard Company; and James A. Ryan, City Hall Hardware Company.

San Antonio, Texas

The 1955-1956 Officers and Directors of the San Antonio Retail Credit Association, San Antonio, Texas, are: President, Mason Webster, The Vogue; First Vice President, John P. Dunsmore, San Antonio Light Publishing Company; Second Vice President, Frank Seffel, City Public Service; and Secretary-Treasurer, Tony C. Tarin, Retail Merchants Association. Directors: Lois Sheppard, Carl's; Van Arnold, McNeel Jewelry; Lucille Loring, Porter Loring; William Heye, Paul Anderson Company; L. E. Blowers, Household Furniture Company; Jack Picken, Southwestern Bell Telephone Company; R. E. Whitten, Dean and Company; Ralph Kuntz, Sears, Roebuck & Company; and Elizabeth Strange, General Oldsmobile Company.

Orlando, Florida

The new officers and directors of the Retail Credit Association of Orlando, Orlando, Florida, are: President, Mrs. Lucille Vickers, Cox O'Neal Furniture; Vice President, George D. Walker, Colonial State Bank; and Secretary-Treasurer, Francis Auger, Credit Bureau of Orlando. Directors: Donald C. Hendrix, Florida Credit & Investment Company; J. Louis Lamberton, Thomas Lumber Company; Elmer G. Trapp, Kissam Builders Supply; and Charles P. McCall, Rutlands Men's Shop.

Oklahoma City, Oklahoma

At the annual meeting of the Retail Credit Managers Association, Oklahoma City, Oklahoma, are: President, Henry Louis, Allied Building Credits; Vice President, Inez Brown, Downey Furniture Company; Secretary, Marie Jones, Andy Anderson Sporting Goods; and Treasurer, Helen Nyswonger, Emmer Brothers. Directors: Hal Whitten, Whitten & Whitten; Cy Crum, Crum's Shoes; Roy Teter, Jenkins; and C. A. Spencer, Downtown Chevrolet.

Are You Interested in Winning \$500.00 in Cash?

If You Are—Now Is the Time to Get Busy

AS ANNOUNCED in the August, 1955, CREDIT WORLD, the first of ten annual awards of \$500.00 each in cash for outstanding achievement in the field of retail credit administration will be made at the International Consumer Credit Conference, in St. Louis, in June, 1956. This valuable Award is made possible through the generosity and keen interest in retail credit matters of George A. Scott, President, Walker-Scott Company, San Diego, California. All those eligible should immediately send their entries to the President of the N.R.C.A. District in which they have their place of business. The names of the 12 District Presidents appeared on page 13 of the August issue. Please refer to that page.

Each District President has been asked to name a "Scott Award" Committee. These committee members will be responsible for publicizing the Award in their communities and they will be ready to answer any questions concerning the contest. We shall publish the names of the various District committee members as soon as we receive them from the District presidents. Here is the Committee appointed by the President of District 12: Willard Pool, The Diamond, Charleston, West Virginia, Chairman; A. J. King, Kennard-Pyle Company, Wilmington, Delaware; Louise Walker, L. Herman Company, Danville, Virginia; Robert Bruchey, The Hecht Company, Baltimore, Maryland; and John Wagner, First Fidelity Credit Corporation, Pittsburgh, Pennsylvania.

One candidate will be selected by each District. A National Committee, to be named by the President of N.R.C.A., will judge the district nominations and select the final winner. The Award will be made at one of the General Sessions at the St. Louis Conference.

We emphasize the requirements made by Mr. Scott that contestants must be members of N.R.C.A. and engaged in retail credit work. The name of the contestant must appear on the records at the National Office

as being a member. District committees must satisfy themselves that these requirements have been met.


All entries are to be in the hands of the District President not later than 30 days prior to the District Conference. District nominations must be received in St. Louis by June 1, 1956. Contestants are urged to retain carbon copies of their entries as none will be returned. All entries become the property of N.R.C.A. and it is understood that N.R.C.A. has permission to publish any of the entries, including, of course, the winning one, in The CREDIT WORLD.

Entries will be judged according to the terms of the Award as set forth by Mr. Scott. Here they are: (1) Contribution to or participation in community activity which reflects the contestant's business activity. (2) Development of ideas or new approaches in the extension or control of credit as evidenced by adoption or publication. (3) Active participation in a credit group, or groups, for the recognition or furtherance of credit interests.

Here are just a few suggestions:

- ... Successful credit sales promotion campaigns—supported with full details.
- ... New collection approaches that have produced unusual results.
- ... Write-up of local National Retail Credit Education Week program.
- ... Time- and money-saving improvements in office procedures.
- ... Written credit and collection policies that have been adopted.
- ... Participation in district and national conferences.
- ... Local association programs that have brought about increased membership and attendance at meetings.
- ... Educational programs—both of the credit granter and credit consumer.
- ... Participation in civic activities.

You Might Be the Winner—You Should Get Your Entry in Early



General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

Editorial COMMENT



Keep It On the Screen—Not On the Shelf

COMMENTS received concerning our new credit educational film "The Good Things of Life—on Credit" have been universally laudatory. Reports from all parts of the Continent indicate that audiences are impressed with it and have felt the impact of the educational message it carries.

Mrs. Ira W. Cotey, Manager, Credit Bureau of Alexandria, Louisiana, writes: "You will be pleased to know that the film has been graciously received in our city and surrounding territory. During National Retail Credit Education Week it was shown on TV with coverage of 53,000 in our 65 mile area and to an over-all audience of over 115,000. The film was also shown in the High School and elsewhere during the same week. I have had several interviews with people who saw the film and desired help in personal credit problems." Fred P. Entler, Manager of Credit Sales, Home Furniture Company, Bristol, Virginia, says: "The film was shown on WJHL-TV, Johnson City, Tennessee, as part of the Tri-Cities observance of National Retail Credit Education Week. We have received much favorable comment. We have had debtors stating that they had seen the film and wanted to arrange to bring their accounts up-to-date." J. C. Herren, Secretary, Miami Retail Credit Association, Miami, Florida, says: "Not only has the film been shown to credit groups but has been used by one large department store in employee training classes and a leading bank showed it to all their employees. The reaction has been most favorable to us." Helen B. Sawyers, Credit Bureau of Snohomish County, Everett, Washington, reports: "We used

the new N.R.C.A. film as soon as it arrived, and to date have shown it to approximately 355 people. The response has been good. We found our High School audiences attentive and interested. School officials, too, commented favorably on the film and several of them stated they probably learned as much about credit as the students. This film is a fine contribution to the credit field."

To those local retail credit associations, credit bureaus, N.R.C.A. districts, and other groups who have purchased prints we stress the importance of constant showing to obtain maximum benefit. The film should be shown on every possible occasion before every type of audience. Its appeal is general and the message applicable to everybody.

If your association has not bought a print, we urge that it be done; this likewise applies to Credit Bureaus and ACBoFA districts. It was purchased by all N.R.C.A. districts.

As has been abundantly proved, there is an immense need for consumer credit education. More and more people, in every walk of life, are using credit facilities and it is important that they be educated to the wise use of credit and to the value of building and maintaining a prompt pay record.

Eventually, we hope that every person on the North American Continent will see this powerful educational film. The benefits that will come from the improved attitude toward credit and the greater willingness to cooperate in prompt payment of all obligations will be incalculable. The important thing is to keep the film on the screen!

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION



Announcing a New Service in the Letter-Writing Field

The ability to write attention-getting, action-impelling credit department letters is essential in these days of keen competition. Letter-writing skill should be high on the list of qualifications for the modern Manager of Credit Sales.

A valuable new letter-writing service is now offered to our members.

EFFECTIVE CREDIT AND COLLECTION LETTERS

Each month a release consisting of two pages of comments on letter-writing techniques and craftsmanship and four original letters dealing with collection, credit sales promotion, credit acceptance and declination and adjustment problems, will be mailed to subscribers.

The original letters will be designed to meet every imaginable credit and collection situation. The sheets will be punched for a standard ring binder. With slight adaptation, or just as they are, they will be usable by all types of business, and by large and small firms. Subscribers can build up a *letter reference library*.

Costs only \$12.00 per year

Just one new idea a month in creating more effective letter-writing appeals or in providing new and refreshing approaches to old situations will amply repay the cost.

You are cordially invited to become a member of this new National Retail Credit Association Service. **COMPLETE AND MAIL THIS COUPON TODAY.**

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375 Jackson Avenue, St. Louis 5, Missouri

Please enter my subscription to "Effective Credit and Collection Letters" for one year at the rate of \$12.00 per year.

Name _____ Firm name _____

Firm address _____

City _____ Zone _____ State _____

Check enclosed _____ Mail me a bill _____



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(Revised)



THE sale of millions of the old application blank indicates its popularity. The revised form is the result of changes suggested by members. The national emblem adds to its effectiveness.

The actual size of the form (reproduced below) is six inches by nine inches. Printed in one color. Blocked in pads of 100. Prices: 100, \$1.25; 500, \$5.00; and 1,000, \$8.50. *Postage is extra.*

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St. Louis 5, Missouri

every detail . . . spaces for all needed information . . .

APPLICATION FOR CREDIT
FOR EXCLUSIVE USE OF MEMBERS OF

NATIONAL RETAIL CREDIT ASSOCIATION

NAME _____
ADDRESS _____
CITY _____
STATE _____
ZIP _____

DATE _____

TRADE REFERENCES

| NAME | ADDRESS | CITY | STATE | ZIP |
|------|---------|------|-------|-----|
| | | | | |
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